COMPETITIVE TECHNOLOGIES INC
Form 10-K/A
September 15, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 3)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 2010

Commission file number 1-8696

COMPETITIVE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

www.competitivetech.net

Registrant s telephone number, including area code: (203) 368-6044

Delaware

36-2664428

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

777 Commerce Drive, Suite 100, Fairfield, CT 06825

(Address of principal executive offices)

Registrant's telephone number, including area code: **(203) 368-6044**

Securities registered pursuant to Section 12(b) of the Act:

Name of Each Exchange on

Title of Each Class

which Registered:

Common Stock ($.01 par value)

OTCQX

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ]

No [x]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ]

No [x]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ]

No [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x]

No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer, large accelerated filer and smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ ]

Smaller reporting company [x]

Indicate by checkmark whether the registrant is a shell company (as devined in Rule 126-2 of the Act)

Yes [ ]

No [x]

The aggregate market value of the common equity held by non-affiliates of the registrant as of January 31, 2010 (the last business day of the registrant s most recently completed second fiscal quarter) was $15,335,024

The number of shares of the registrant s common stock outstanding as of October 25, 2010, was 13,824,944 shares.

EXPLANATORY NOTE

This Amendment No. 3 on Form 10-K/A revises the Annual Report on Form 10-K for the year ended July 31, 2010 of Competitive Technologies, Inc., initially filed on October 27, 2010 (the "Form 10-K"). The revisions are in response to comments received from the SEC.

Competitive Technologies, Inc.

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PART I

Forward-Looking Statements

Statements about our future expectations are "forward-looking statements" within the meaning of applicable Federal Securities Laws, and are not guarantees of future performance. When used herein, the words "may," "will," "should," "anticipate," "believe," "appear," "intend," "plan," "expect," "estimate," "approximate," and similar expressions are intended to identify such forward-looking statements. These statements involve risks and uncertainties inherent in our business, including those set forth in Item 1A under the caption "Risk Factors," in this Annual Report on Form 10-K for the year ended July 31, 2010, and other filings with the SEC, and are subject to change at any time. Our actual results could differ materially from these forward-looking statements. We undertake no obligation to update publicly any forward-looking statement.

Item 1. Business

Overview:

Competitive Technologies, Inc. ("CTTC"), was incorporated in Delaware in 1971, succeeding an Illinois corporation incorporated in 1968. CTTC and its subsidiaries (collectively, "we," "our," or "us"), provide distribution, patent and technology transfer, sales and licensing services focusing on the needs of our customers, matching those requirements with commercially viable technology or product solutions. We develop relationships with universities, companies, inventors and patent or intellectual property holders to obtain the rights or a license to their intellectual property (collectively, the "technology" or "technologies"), or to their product. They become our clients, for whom we find markets to sell or further develop or distribute their technology or product. We also develop relationships with those who have a need or use for technologies or products. They become our customers, usually through a license or sublicense, or distribution agreement.

We earn revenue in three ways, retained royalties from licensing our clients' and our own technologies to our customer licensees, product sales fees in a business model that allows us to share in the profits of distribution of finished products, and sales of inventory. Our customers pay us license fees, royalties based on usage of the technology, or per unit fees, and we share that revenue with our clients. We currently maintain a small inventory of our Calmare pain therapy medical device and we recognize revenue from those sales as devices are shipped to our customers.

Our revenue fluctuates due to changes in revenue of our customers, upfront license fees, new licenses granted, new distribution agreements, expiration of existing licenses or agreements, and/or the expiration or economic obsolescence of patents underlying licenses or products.

We acquire rights to commercialize a technology or product on an exclusive or non-exclusive basis, worldwide or limited to a specific geographic area. When we license or sublicense those rights to our customers, we may limit rights to a defined field of use. Technologies can be early, mid, or late stage. Products we evaluate must be working prototypes or finished products. We establish channel partners based on forging relationships with mutually aligned goals and matched competencies to deliver solutions that benefit the ultimate end-user.

The Company incurred an operating loss for fiscal 2010, as well as an operating loss in fiscal 2009. We continue to seek revenue from new technologies or products to mitigate the concentration of revenues, and replace revenues from expiring licenses. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond third quarter fiscal 2011. These conditions raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include adjustments to reflect the possible future effect of the recoverability and classification of assets or amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependent upon its developing other recurring revenue streams sufficient to cover operating costs. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. The company does not have any significant individual cash or capital requirements in the budget going forward. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company s financial position.

On September 3, 2010, the Company s securities began trading on the OTCQB marketplace under the ticker symbol CTTC, having been delisted from the NYSE Amex (the "Exchange"). The delisting followed an 18-month period during which the Company sought to regain compliance with the Exchange's continued listing standards as set forth in Part 10 of the Exchange Company Guide. As noted in Section 1003 of the Exchange Company Guide, companies with stockholders' equity of less than $2 million, and losses from continuing operations and net losses in two out of its three most recent fiscal years, or with stockholders' equity of less than $4 million and losses from continuing operations and net losses in three out of its four most recent fiscal years are non-compliant. We were only non-compliant with the stockholders equity component.

Despite arguments made at an oral hearing at which the Company sought to remain listed, the Exchange Listing Qualifications Panel affirmed the Exchange Staff s determination to delist the Company s securities. After trading on the OTCQB for a month, on October 5, 2010, the Company s securities began trading on the OTC market's top tier, the OTCQX.

Product Distribution Services

Our services are beneficial to the inventor, manufacturer and distributor of the product. We evaluate a working prototype or finished product for marketability. We find opportunities through industry connections and contacts, and trade shows. We select products we will represent, negotiate with potential domestic and international distributors, and sign agreements on a country and/or area exclusive basis. We earn revenue on a per-unit basis through product distribution agreements. We share the revenue with the product inventor, and/or manufacturer.

Technology Commercialization Services

Our services are beneficial to the provider and user of the technology. The technology client can focus on research and development, rather than selling and marketing, as we effectively become their marketing department. The technology customer can focus on selling and marketing, rather than research and development. We maintain and enforce our clients' and our technology patent rights, by monitoring and addressing infringement. We maximize the value of technologies for the benefit of our clients, customers and shareholders.

We identify and commercialize innovative technologies in life and physical sciences, electronics, and nano science. Life sciences include medical testing, diagnostics, pharmaceuticals, biotechnologies, medical devices and other medical or biological applications. Physical sciences include chemical, display, and environmental applications.

Electronics include communications, semiconductors, Internet related, e-commerce and consumer electronics applications. Nanotechnologies are the manipulation of microscopic particles into useful arrangements, and smart or novel materials; a nano particle is one thousand times smaller than the width of a human hair. We have technologies in each area, with a concentration in life sciences.

Portfolio Acquisition

We continue to expand relationships with universities and inventors, increasing the number of clients, products and technologies we represent, and establishing us as the premier technology commercialization and product distribution company. The goal is to have a pipeline of technologies and distribution products that will generate a long-term recurring revenue stream.

We evaluate potential technologies based on the strength of the intellectual property, our ability to protect it, its life stage, further development time needed, compatibility with existing technology in our portfolio, marketability, market size, and potential profitability.

We evaluate potential products for distribution based on their capability to fulfill an unmet market need and/or social responsibility. We focus on products that improve quality-of-life. The goal is to acquire products for distribution that have a competitive advantage, proprietary know-how and/or regulatory approval. We seek exclusive rights to manufacture, market and distribute the products.

Numerous technologies and products are reviewed and evaluated in terms of current, mid- and long-term revenue potential. Both products and technologies have the potential to produce different levels of revenue throughout the life of the agreement. We obtain rights to improvements and/or refinements that extend the life of the product or technology, increasing the potential revenue. We continuously review the revenue potential of our product and technology portfolio to generate a long-term recurring revenue stream.

A non-disclosure agreement signed with a prospective client allows us access to confidential information about the product or technology. We require similar non-disclosure agreements from prospective customers when we commercialize the product or technology. We include mutual non-disclosure provisions about the product or technology in agreements granted to protect value, for CTTC, our clients and our customers. As a result of these obligations, as well as federal regulations for disclosure of confidential information, we may only be able to disclose limited information about licenses and sublicenses granted for products or technologies we evaluate, as is necessary for an understanding of our financial results.

Marketing Technologies and Products

We commercialize technologies and products through contacts in research and development, legal firms, major corporations, seminars and trade shows. We determine the most likely users of the technologies or distributors of products, and contact prospective customers.

Technology Protection and Litigation

Protecting our technologies from unintentional and willful patent infringement, domestically and internationally, is an important part of our business. We sometimes assist in preparation of initial patent applications, and often are responsible for prosecuting and maintaining patents. Unintentional infringement, where the infringer usually does not know that a patent exists, can often be resolved by the granting of a license. In cases of willful infringement, certain infringers will continue to infringe absent legal action, or, companies may successfully find work-arounds to avoid paying proper monies to us and our clients for use of our technologies. We defend our technologies on behalf of ourselves, our clients and licensees, and pursue patent infringement cases through litigation, if necessary. Such cases, even if settled out of court, may take several years to resolve, with expenses borne by our clients, us, or shared. Proceeds from the case are usually shared in proportion to the costs. As a result, we may incur significant expenses in some years and be reimbursed through proceeds of awards or settlements several years later. In cases of willful infringement, patent law provides for the potential of treble damages at the discretion of the Court.

Revenue Generation

We license technologies to generate revenue based on usage or sales of the technologies, or by sharing in the profits of distribution. When our customers pay us, we share the revenue with our clients.

Product distribution We have established a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution. Distribution terms are set in written agreements for products, and are generally signed for exclusive area parameters.

We currently maintain a small inventory of our Calmare pain therapy medical device and we recognize revenue from the sale of inventory as devices are shipped to our customers.

The Company acquired the exclusive, worldwide rights to the "Scrambler Therapy™" technology in 2007. The Company's agreement with Giuseppe Marineo, the inventor of "Scrambler Therapy" technology, and Delta Research and Development ("Delta"), authorizes CTTC to manufacture and sell worldwide the device developed from the patented "Scrambler Therapy" technology. The "Scrambler Therapy" technology is patented in Italy and applications for patents have been filed in the U.S. and internationally and are pending approval. The expected life of the patent is anticipated to be at least until December 2024, 20 years form the Italian patent approval. The Calmare® device has CE Mark certification from the European Union as well as U.S. FDA 510(k) clearance.

The agreement with Professor Marineo and Delta enabled the Company to establish an agreement with GEOMC Co., Ltd. ("GEOMC", formerly Daeyang E & C Co., Ltd) of Seoul, South Korea, to manufacture the Calmare® pain therapy medical device, based on Prof. Marineo's "Scrambler Therapy" technology. The GEOMC agreement is for a period of ten (10) years and also outlines each company's specific financial obligations. The parties further outlined their financial obligations to one another in a January 2010 Memorandum of Understanding. The Company has also granted GEOMC some distribution rights in South Korea (2008) and Japan (2011, subsequent to the end of fiscal year 2010).

Beginning in fiscal 2008, we entered into a number of distribution agreements granting country-exclusive rights to a number of international distributors. Each distributor is required to obtain local sales authorization. Ongoing sales from these distribution agreements are anticipated in fiscal 2011 and into the future.

One international distributor, Life Episteme Group, srl ("LEG"), accounted for more than two thirds of the Company's revenue in fiscal 2010. Originally signed in February 2009, the Company's ageement with LEG, was amended in October of 2009. In the agreement, LEG was given exclusive right to distribute Calmare devices in 29 countries (02/09); additional countries were added in the amendment (09/09)

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Contract allowed for a 120-day ramp up period prior to beginning the selling period; based on the contract date that would have expired in June 2009

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Purchase plan for initial contract term of 3 years included LEG purchasing 100 units in year 1 and a cumulative total of 1,000 units in year2-3, by the end of year 3. The amendment (09/09) extended the initial term from 3 to 10 years, and added required minimums for years 2-5.

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CTTC had right to approve all transfers and subcontracts.

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The amendment set forth the purchase plan for 100 devices which were to be purchased within

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4 months of the signed amendment and paid for by the end of April 2010.

Subsequent to the end of fiscal 2010, the Company conducted a review of its distribution partners. That review led to the termination of CTTC's agreement LEG. LEG had the distribution rights for 34 countries, but had not met its minimum obligations to CTTC, and the Company had no indication that LEG would meet its commitments in the foreseeable future. The Company is in the process of negotiating other International distribution agreements that it believes will be much more successful ventures.

In the U.S. we are the distributor for the Calmare device, having canceled the July 2009 distribution agreement we had with Innovative Medical Therapies, Inc. for nonperformance, and currently have contracts with approximately 40 commissioned sales representatives. To assist potential clients, we are working with several commercial leasing companies to provide long term (24-60 months) financing for sales of the Calmare device to hospitals, clinics and medical practices in the US. Ongoing sales in the US, facilitated by these commissioned representatives, are anticipated in fiscal 2011 and into the future.

Technology royalties Client and customer agreements are generally for the duration of the technology life, which usually is determined by applicable patent law. When we receive customer reports of sales or payments, whichever occurs first, we record revenue for our portion, and record our obligation to our clients for their portion. For early stage technologies that may not be ready for commercial development without further research, we may receive annual minimum payments and/or milestone payments based on research progress or subsequent sublicense or joint venture proceeds. In certain sublicense or license agreements, we may receive an upfront fee upon execution of the license. Our fees are generally non-refundable, and, except for annual minimums, are usually not creditable against future royalties. In certain cases, the first year or several years' royalties may be waived in consideration for an upfront fee. We may apply the upfront fee or initial fees to reimburse patent prosecution and/or maintenance costs incurred by either party. In these cases, payments are recorded as a reduction of expense, and not as revenue. If the reimbursement belongs solely to our client, we record no revenue or expense. As a result, a new technology may not generate significant revenue in its early years.

Licensing terms are documented in written agreements with customers. We generally enter into single element agreements with customers, under which we have no additional obligations other than patent prosecution and maintenance. We may enter into multiple element agreements under which we have continuing service obligations. All revenue from multiple element agreements is deferred until delivery of all verifiable required elements. In milestone billing agreements we recognize non-refundable, upfront fees ratably over the life of the agreement, and milestone payments as the specified milestone is achieved. We evaluate billing agreements on a case-by-case basis, and record revenue as appropriate. We do not have multiple element or milestone billing agreements at this time, but have had such agreements in the past, and could have in the future.

In fiscal 2010, we had a significant concentration of revenue from our Calmare pain therapy medical device. We actively market other technologies, and seek new technologies to mitigate this concentration of revenue and provide a steady future revenue stream. We have created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution. We currently maintain a small inventory of our Calmare pain therapy medical device and we recognize revenue from the sale of inventory as devices are shipped to our customers. Technologies that produced revenue equal to or exceeding 15% of our total revenue, or at least $250,000 in 2010 and 2009 were:

	2010	2009
Pain therapy medical device	**$ 1,941,000**	$ 7,000
Plant Regeneration	**$ 12,000**	$ 132,000
Flip Chip	**$ -**	$ 71,000

As a percentage of total revenue for the same periods, these technologies represented:

	2010	2009
Pain therapy medical device	**97%**	2%
Plant Regeneration	**1%**	38%
Flip Chip	**-%**	20%

Our pain therapy device is a non-invasive pain therapy device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. We received FDA 510(k) clearance for the device in February 2009 and have been ramping up our sales effort ever since. We expect the revenue generated from this technology to grow significantly in future years. Revenue for fiscal 2010 primarily represented the sale of devices to either international distributors or end users in the United States. It also includes rental income from situations where we rented the device to end-users in the United States and Gain from the Sale of Rental Assets when these devices were converted to outright sales.

The plant regeneration technology has been assigned to the University of Pennsylvania who pays us a royalty on any income earned from exploiting this technology. The technology is currently exclusively licensed to Syngenta Biotechnology, Inc. The revenue for fiscal 2009 represented previously unreported back royalties. We expect our future revenue stream to more closely resemble revenue received in fiscal 2010.

The revenue from our Flip Chip technology in fiscal 2009 represented the outright sale of the patents to a third party. As such we will not generate any further revenue from this technology in the future.

We receive revenue from legal awards that result from successful patent enforcement actions and/or out of court settlements. Such awards or settlements may be significant, are non-recurring and may include punitive damages, attorneys' fees, court costs and interest.

Other technologies in our life sciences portfolio, many of which are subject to testing, clinical trials and approvals, include:

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Nanotechnology bone cement biomaterial with a broad range of potential applications, including dental, spinal and other bone related applications. Exclusively licensed to Soteira, Inc. for human spinal applications;

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Sunless tanning agent, a skin-pigment enhancer being researched as a skin cancer preventative, and therapeutic for vitiligo, albinism and psoriasis, exclusively licensed to Clinuvel Pharmaceuticals, Ltd. (Australia);

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Lupus Diagnostic and Monitoring technology, a cost-effective scalable testing platform used to detect and monitor the autoimmune disease, Lupus;

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Sexual Dysfunction technology, CTTC's joint venture with Xion Corporation announced in September 2009 is conducting an extended research program in support of the commercialization of our patented melanocortin analogues for treating male and female sexual dysfunction and obesity.

Our applied science/electronics portfolio includes:

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Encryption technology that operates at high speeds with low memory requirements to secure applications used on the Internet, telecommunications, smart cards and e-commerce;

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Video and audio signal processing technology licensed in the Motion Picture Electronics Group visual patent portfolio pool (MPEG 4 Visual), and used in streaming video products for personal computers and wireless devices, including mobile phones;

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Radio Alert Warning System, a low powered dual-mode transmitter capable of short-range interruption of commercial radio broadcasting with a message alerting of an emergency situation;

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Structural Steel Fissure Detection Paint contains a built-in, self-activating, crack-indicating or warning capability effective coincident with application of the paint to the structure, and requiring minimum training for its use.

Revenue from Foreign Sources

Revenue from foreign sources totaled approximately $1,385,000 and $43,000, in 2010 and 2009, respectively. Of the foreign sourced revenue received, $1,339,000 in fiscal 2010 was from sources in Italy and $32,000, in fiscal 2009 was from sources in Japan.

Investments

From time to time we provide other forms of assistance and funding to certain development-stage companies to further develop specific technologies.

Employees

As of October 25, 2010, we employed the full-time equivalent of 8 people. We also had independent consultants under contract to provide business development services. In addition to the diverse technical, intellectual property, legal, financial, marketing and business expertise of our professional team, from time to time we rely on advice from outside specialists to fulfill unique technology needs.

Corporate Governance

CTTC's Corporate Governance Principles, Corporate Code of Conduct, the Committee Charters for the Audit and Nominating Committees of the Board of Directors, the unofficial restated Certificate of Incorporation and the By-Laws are available on our website at *www.competitivetech.net/investors/governance.html*.

Available Information

We make available without charge copies of our Annual Report, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those, and other reports filed with the Securities and Exchange Commission ("SEC") on our website, *www.competitivetech.net*, as soon as reasonably practicable after they are filed. Our website's content is not intended to be incorporated by reference into this report or any other report we file with the SEC. You may request a paper copy of materials we file with the SEC by calling us at (203) 368-6044.

You may read and copy materials we file with the SEC on the SEC's website at *www.sec.gov*, or at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling (800) 732-0330.

Fiscal Year

Our fiscal year ends July 31, and our first, second, third and fourth quarters end October 31, January 31, April 30 and July 31, respectively.

Item 1A. Risk Factors

Risks Related to our Business and the Market Environment

The risk factors described below are not all-inclusive. All risk factors should be carefully considered when evaluating our business, results of operations, and financial position. We undertake no obligation to update forward-looking statements or risk factors. There may be other risks and uncertainties not highlighted herein that may affect our financial condition and business operations.

We derived more than 97% of our revenue in fiscal 2010 from one technology.

We derived approximately $1,941,000, or 97%, of 2010 revenue from our pain therapy medical device technology. A concentration of revenue makes our operations vulnerable to patent change or expiration, or to the development of new and competing technologies and could have a significant adverse impact on our financial position.

In the last five fiscal years, we incurred significant net losses and negative cash flows, and our ability to finance future losses is limited, and may significantly affect existing stockholders.

The table below summarizes our consolidated results of operations and cash flows for the five years ended July 31, 2010:

	2010	2009	2008	2007	2006
Net income (loss)	**$ (2,708,534)**	$ (3,479,824)	$ (5,966,454)	$ (8,893,946)	$ (2,377,224)
Net cash flows from:					
Operating activities	**(3,662,070)**	(3,491,630)	(4,994,411)	(5,437,443)	(3,527,318)
Investing activities	**65,287**	(1,490)	792,539	(978,217)	(141,644)
Financing activities	**3,752,196**	2,008,096	(133,109)	78,425	2,298,726
Net increase (decrease) in cash and cash equivalents	**$ 155,413**	$ (1,485,024)	$ (4,334,981)	$ (6,337,235)	$ (1,370,236)

The Company has incurred operating losses since fiscal 2006. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond third quarter fiscal 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments to reflect the possible future effect of the recoverability and classification of assets or amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependent upon its developing other recurring revenue streams sufficient to cover operating costs. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. The company does not have any significant individual cash or capital requirements in the budget going forward. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company s financial position.

Our current recurring revenue stream is insufficient for us to be profitable with our present cost structure. To return to and sustain profitability, we must increase recurring revenue by successfully licensing technologies with current and long-term revenue streams, and continue to build our portfolio of innovative technologies. We significantly reduced overhead costs with staff reductions across all company departments, reduced extraneous litigations, and obtained new technologies to build revenue. We will continue to monitor our cost structure, and expect to operate within our generated revenue and cash balances.

Future revenue, obtaining rights to new technologies, granting licenses, and enforcing intellectual property rights are subject to many factors beyond our control. These include technological changes, economic cycles, and our licensees' ability to successfully commercialize our technologies. Consequently, we may not be able to generate sufficient revenue to be profitable. Although we cannot be certain that we will be successful in these efforts, we believe the combination of our cash on hand, and revenue from successfully executing our strategy will be sufficient to meet our obligations of current and anticipated operating cash requirements.

We depend on relationships with inventors to gain access to new technologies and inventions. If we fail to maintain existing relationships or to develop new relationships, we may have fewer technologies and inventions available to generate revenue. Technology can change rapidly and industry standards continually evolve, often making products obsolete, or resulting in short product lifecycles. Our profitability depends on our licensees' ability to adapt to such changes.

We do not invent new technologies or products. We depend on relationships with universities, corporations, government agencies, research institutions, inventors, and others to provide technology-based opportunities that can develop into profitable licenses, and/or allow us to share in the profits of distribution. Failure to maintain or develop relationships could adversely affect operating results and financial conditions. We are dependent upon our clients' abilities to develop new technologies, introduce new products, and adapt to technology and economic changes.

We cannot be certain that current or new relationships will provide the volume or quality of technologies necessary to sustain our business. In some cases, universities and other technology sources may compete against us as they seek to develop and commercialize technologies. Universities may receive financing for basic research in exchange for the exclusive right to commercialize resulting inventions. These and other strategies may reduce the number of technology sources, potential clients, to whom we can market our services. If we are unable to secure new sources of technology, it could have a material adverse effect on our operating results and financial condition.

We receive most of our revenue from customers over whom we have no control.

We rely on our customers for revenue. Development of new products utilizing our technology involves risk. Many technologies do not become commercially profitable products despite extensive development efforts. Our license agreements do not require customers to advise us of problems they encounter in development of commercial products, and usually treat such information as confidential. Their failure to resolve problems may result in a material adverse effect on our operating results and financial condition.

Strong competition within our industry may reduce our client base.

We compete with universities, law firms, venture capital firms and other technology commercialization firms. Many organizations offer some aspect of technology transfer services, and are well established with more financial and human resources than we provide. This market is highly fragmented and participants frequently focus on a specific technology area.

From time-to-time we are involved in lawsuits that historically have involved significant legal expenses. If the courts or regulatory agencies in these suits or actions decide against us, this could have a material adverse effect on our business, results of operations and financial condition.

For a complete description of all lawsuits in which we are currently involved, see **Item 3. Legal Proceedings**

Our revenue growth depends on our ability to understand the technology requirements of our customers in the context of their markets. If we fail to understand their technology needs or markets, we limit our ability to meet those needs and generate revenues.

By focusing on the technology needs of our customers, we are better positioned to generate revenue by providing technology solutions. The market demands of our customers drive our revenue. The better we understand their markets, the better we are able to identify and obtain effective technology solutions for our customers. We rely on our professional staff and contract business development consultants to understand our customers' technical, commercial, and market requirements and constraints, to identify and obtain effective technology solutions for them.

Our success depends on our ability to attract and retain key personnel.

Our success depends on the knowledge, efforts and abilities of a small number of key personnel, including Johnnie D. Johnson, Chief Executive Officer and Chief Financial Officer and Aris Despo, Executive Vice President, Business Development. We rely on our professional staff and contract business development consultants to identify intellectual property opportunities and technology solutions, and to negotiate and close license agreements. Competition for personnel with the necessary range and depth of experience is intense. We cannot be certain that we will be able to continue to attract and retain qualified personnel. If we are unable to hire and retain highly qualified professionals and consultants, especially with our small number of staff, our revenue, financial condition and future activities could be materially adversely affected.

Our customers, and we, depend on government approvals to commercially develop certain licensed products.

Commercial development of some licensed patents may require the approval of foreign or domestic governmental regulatory agencies, especially in the life sciences area, and there is no assurance that those agencies will grant such approvals. In the United States, the principal governmental agency involved is the U.S. Food and Drug Administration ("FDA"). The FDA's approval process is rigorous, time consuming and costly. Until a licensee obtains approval for a product requiring such approval, the licensee may not sell the product in the U.S., and therefore we will not receive revenue based on U.S. sales.

If we, and our clients, are unable to protect the intellectual property underlying our licenses, or to enforce our patents adequately, we may be unable to develop such licensed patents or technologies successfully.

License revenue is subject to the risk that issued patents may be declared invalid, may not be issued upon application, or that competitors may circumvent or infringe our licensed patents rendering them commercially inadequate. When all patents underlying a license expire, our revenue from that license ceases, and there can be no assurance that we will be able to replace it with revenue from new or existing licenses.

Patent litigation has increased; it can be expensive, and may delay or prevent our customers products from entering the market.

Our clients and/or we may pursue patent infringement litigation or interference proceedings against holders of conflicting patents or sellers of competing products that we believe infringe our patent rights. For a description of proceedings in which we are currently involved, see **Item 3. Legal Proceedings.**

We cannot be certain that our clients and/or we will be successful in any litigation or proceeding. The costs and outcome may materially adversely affect our business, operating results and financial condition.

Developing new products, and creating effective commercialization strategies for technologies are subject to inherent risks that include unanticipated delays, unrecoverable expenses, technical problem, and the possibility that development funds will be insufficient. The occurrence of any one or more of these risks could cause us to abandon or substantially change our technology commercialization strategy.

Our success depends upon, among other factors, our clients' ability to develop new or improved technologies, and our customers' products meeting targeted cost and performance objectives for large-scale production, adapting technologies to satisfy industry standards and consumer expectations and needs, and bringing the product to market before saturation. They may encounter unanticipated problems that result in increased costs or substantial delays in the product launch. Products may not be reliable or durable under actual operating conditions, or commercially viable and competitive. They may not meet price or other performance objectives when introduced into the marketplace. Any of these events may adversely affect our realization of revenue from new products.

We have not paid dividends on our common stock.

We have not paid cash dividends on our common stock since 1981, and, our Board of Directors does not currently have plans to declare or pay cash dividends in the future. The decision to pay dividends is solely at the discretion of our Board of Directors based upon factors that they deem relevant, and may change at any time.

In developing new products we are affected by patent laws and regulations.

Patent laws and regulations are continuously reviewed for possible revision. We cannot be certain how we will be affected by revisions.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our executive offices are approximately 11,000 square feet of leased space in a building in Fairfield, Connecticut. The seven-year lease commenced August 24, 2006, and expires August 31, 2013. We have an option to terminate the lease after five years, or renew for an additional five years under similar terms and conditions. The average annual base rent is approximately $310,000 over the life of the lease, after including incentives, taxes, climate control, power and maintenance. Management has sub-leased some excess space and is seeking additional sub-tenants.

Item 3. Legal Proceedings

Carolina Liquid Chemistries Corporation, et al. (Case pending) On August 29, 2005, we filed a complaint against Carolina Liquid Chemistries Corporation ("Carolina Liquid") in the United States District Court for the District of Colorado, alleging patent infringement of our patent covering homocysteine assays, and seeking monetary damages, punitive damages, attorneys' fees, court costs and other remuneration at the option of the court. Carolina Liquid was served on September 1, 2005. As we became aware of other infringers, we amended our complaint to add as defendants Catch, Inc. ("Catch") and the Diazyme Laboratories Division of General Atomics ("Diazyme"). On September 6, 2006, Diazyme filed for declaratory judgment in the Southern District of California for a change in venue and a declaration of non-infringement and invalidity. On September 12, 2006, the District Court in Colorado ruled that both Catch and Diazyme be added as defendants to the Carolina Liquid case. On October 23, 2006, Diazyme requested the United States Patent and Trademark Office (the "USPTO") to re-evaluate the validity of our patent and this request was granted by the USPTO on December 14, 2006. On July 30, 2009, the homocysteine patent was upheld by the U.S. Patent and Trademark Office s Board of Patent Appeals and Interferences (BPAI). In September 2008, the patent had been denied by the examiner, but that denial was overruled by the BPAI. Further action in this case is pending as the BPAI decision has been appealed by the examiner prior to being returned to the U.S District Court for the District of Colorado. We filed information refuting the examiner s appeal and continue to await the BPAI appeal decision.

Ben Marcovitch and other co-defendants (Case completed) On August 8, 2007, we announced that former CTTC Director Ben Marcovitch had been removed for cause from our Board of Directors by unanimous vote of CTTC's five Directors for violating CTTC's Code of Conduct. At that time, CTTC also withdrew from its involvement with Agrofrut, E.U., a nutraceutical firm brought to CTTC by Mr. Marcovitch. As announced on April 10, 2007, CTTC had paid $750,000 to Agrofrut for a 5% ownership, and certain marketing and investment options in Agrofrut.

On August 31, 2007, we filed a Federal complaint in the U.S. District Court for the District of Connecticut against Mr. Marcovitch, Betty Rios Valencia, President and CEO of Agrofrut and former spouse of Mr. Marcovitch, John Derek Elwin, III, a former CTTC employee, and other defendants. The complaint claims that false and misleading information had been provided to CTTC in a conspiracy to fraudulently obtain funds from CTTC using the Agrofrut transaction. We have requested, among other relief, punitive damages and attorneys' fees. It is our opinion and that of our Board of Directors that this lawsuit is required to recover our $750,000 and to settle outstanding issues regarding the named parties.

On October 22, 2007, at a show cause hearing, the Court stated that all defendants named in the case, and their associates, were enjoined from any further use of any remaining part of the $750,000 received from CTTC. The Court ordered a full disclosure of all accounts where remaining funds are held, and a complete description of the disposition of any portion of the CTTC payment must be made to CTTC's counsel. On October 30, 2007, in amended complaint, CTTC sought injunctive relief and damages against Sheldon Strauss for conspiring with Mr. Marcovitch to unlawfully solicit proxies in violation of Securities Exchange Act of 1934.

At a December 7, 2007 hearing, the Court requested CTTC to specify an appropriate Prejudgment Remedy for the Court to consider. On December 20, 2007, a Prejudgment Remedy was issued granting garnishment of the $750,000 CTTC is seeking to recover.

On January 11, 2008, the Court denied the defendants' attempts at demonstrating that Connecticut was not the proper jurisdiction for these hearings.

On April 22, 2008, the Court ruled that the defendants must make arrangements for depositions to be completed by May 2, 2008, a date that was then extended by the Court. The Court granted permission for the defendants' depositions to be conducted via video conferencing when the defendants indicated their inability to travel to the Connecticut court. The depositions were conducted on June 2, 2008.

On June 23, 2008, the Court ruled that the defendants are compelled to respond to interrogatories and to produce any supplemental discovery documents by the deadline of July 7, 2008.

On August 15, 2008, CTTC filed a motion for Summary Judgment. A Memorandum in Opposition was filed by Marcovitch, et al, on September 15, 2008. CTTC responded to the Memorandum on September 24. The judge denied the Summary Judgment Motion on April 6, 2009. On June 1, 2009, the Judge granted permission to CTTC to enter a Motion for Default Judgment against Agrofrut and Sheldon Strauss. On June 4, 2009, the Judge granted permission for CTTC to enter a Motion for Default Judgment against Ben Marcovitch and Betty Rios Valencia. These Default motions were filed on June 15, 2009.

On September 8, 2009, the Judge ruled favorably on CTTC's motion for default judgment. The judgment entered against Marcovitch, Rios Valencia, Agrofrut and Strauss, jointly and severally, is for $750,000, as well as reasonable attorneys' fees and costs of $600,788. Additionally, judgments were entered against Marcovitch, Rios Valencia, and Agrofrut, jointly and severally, for $2.25 million, treble damages, and for $600,788, punitive damages. A judgment was also entered against Rios Valencia and Agrofrut, jointly and severally, for punitive damages of $750,000. The judge confirmed that Marcovitch was properly removed as a member of CTTC's Board of Directors and issued a permanent injunction prohibiting Marcovitch from holding himself out as a member of CTTC's Board. A judgment was entered against Strauss prohibiting Strauss from soliciting proxies in contravention of the SEC rules and regulations. Based on the Court's rulings, CTTC will now proceed to collect all funds possible from the parties.

Employment matters former employee (Cases pending) In September 2003, a former employee filed a whistleblower complaint with OSHA alleging that the employee had been terminated for engaging in conduct protected under the Sarbanes Oxley Act of 2002 (SOX). In February 2005, OSHA found probable cause to support the employee s complaint and ordered reinstatement and payment of damages. CTTC filed objections and requested a *de novo* hearing before an Administrative Law Judge ("ALJ"). Based on evidence submitted at the May 2005 hearing, in October 2005 the ALJ issued a written decision recommending dismissal of the employee s claim without relief. The employee then appealed the case to the Administrative Review Board ("ARB"). In March 2008, the ARB issued a decision and order of remand, holding that the ALJ erred in shifting the burden of proof to CTTC based on a mere inference of discrimination and remanding the case to the ALJ for clarification of the judge's analysis under the appropriate burden of proof. In January 2009, the ALJ ruled in favor of CTTC on the ARB remand. The employee has now appealed the January 2009 ALJ ruling to the ARB and we await the ARB s decision. The employee had previously requested reconsideration of the ARB order of remand based on the Board's failure to address the employee's appeal issues; that request was denied by the ARB in October 2008.

In August 2007, the same former employee filed a new SOX whistleblower complaint with OSHA alleging that in April 2007 CTTC and its former general counsel retaliated against the employee for past-protected conduct by refusing to consider the employee's new employer when awarding a consulting contract. In March 2008, OSHA dismissed the employee s complaint citing the lack of probable cause. The employee filed objections and requested *de novo* review by an ALJ. In August 2008, the employee gave notice of intent to terminate proceedings before the ALJ and remove the case to federal district court. In October 2008, the former employee moved to voluntarily dismiss with prejudice the case before the ALJ. We anticipate no further action on this matter.

On September 5, 2008, CTTC filed a complaint in the U.S. District Court for the District of Connecticut against the former employee seeking a declaration that CTTC did not violate SOX as alleged in the employee's 2007 OSHA complaint, and to recover approximately $80,000 that CTTC paid to the employee in compliance with a court order that was subsequently vacated by the U.S. Court of Appeals for the Second Circuit. On July 1, 2009, the judge ruled in favor of the former employee s motion to dismiss. The court abstained from ruling on the question of unjust enrichment due to the unresolved questions before the Department of Labor Administrative Review Board.

On December 4, 2008, the former employee filed a complaint with the Department of Labor asking to have the Connecticut case dismissed. On June 1, 2009, the Department dismissed the former employees complaint, finding that "there is no reasonable cause to believe that the Respondent (CTTC) violated SOX". We anticipate no further action on this matter.

John B. Nano vs. Competitive Technologies, Inc. On September 3, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. On September 13, 2010, the Board of Directors also removed John B. Nano as a Director of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. Details of these actions are outlined in Form 8-K filings with the Securities and Exchange Commission on September 13, 2010, and September 17, 2010. Mr. Nano was previously the Chairman of the Board of Directors, President and Chief Executive Officer of Competitive Technologies, Inc.

On September 23, 2010 the Company was served notice that John B. Nano, CTTC's former Chairman, President and CEO had filed a Notice of Application for Prejudgment Remedy/Claim and an Application for an Order Pendente Lite for breach of his employment contract with us. The applications were filed in the State of Connecticut Superior Court in Bridgeport, CT. At a hearing on October 4, 2010, initial conversations with the judge indicate that further conversations may occur prior to any requirement for CTTC to post bond. Mr. Nano is seeking $750,000 that he claims was owed under his contract had he been terminated without cause. Mr. Nano's employment contract with the Company had called for arbitration, which has been requested to resolve this conflict.

Summary We may be a party to other legal actions and proceedings from time to time. We are unable to estimate legal expenses or losses we may incur, or damages we may recover in these actions, if any, and have not accrued potential gains or losses in our financial statements. Expenses in connection with these actions are recorded as they are incurred.

We believe we carry adequate liability insurance, directors' and officers' insurance, casualty insurance, for owned or leased tangible assets, and other insurance as needed to cover us against claims and lawsuits that occur in the ordinary course of our business. However, an unfavorable resolution of any or all matters, and/or our incurrence of legal fees and other costs to defend or prosecute any of these actions may have a material adverse effect on our consolidated financial position, results of operation and cash flows in a particular period.

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareholders held April 19, 2010, shareholders voted on the following issues:

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Election of Directors

Election of Directors	For	Withheld
Joel M. Evans, M.D.	5,031,303	884,104
Richard D. Hornidge, Jr.	5,658,657	256,750
Rustin Howard	5,654,407	261,000
John B. Nano	4,841,219	1,074,188
William L. Reali	5,146,053	769,354

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Ratification of selection of MHM Mahoney Cohen CPAs, the New York Practice of Mayer Hoffman McCann P.C., as the independent public accounting firm:

Accounting Firm	For	Against	Abstained
MHM Mahoney Cohen CPAs (*)	9,060,625	30,256	43,784

* (Now known as Mayer Hoffman McCann CPAs (The New York practice of Mayer Hoffman McCann P.C.), effective June 8, 2010.)

Item 4A. Executive Officers of the Registrant

The name of our executive officer, his age and background information is as follows.

On September 3, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. On September 13, 2010, the Board of Directors also removed John B. Nano as a Director of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. (See **Item 3. Legal Proceedings.**)

Johnnie D. Johnson, 72, has served as our Chief Executive Officer and Chief Financial Officer since September 2010. Mr. Johnson brings over 30 years of experience to his role as Chief Executive Officer and Chief Financial Officer of Competitive Technologies. After obtaining his BS in Business and Accounting from University of Findlay in 1960 and his MBA from Bowling Green University in 1976, Mr. Johnson went to work with the original Marathon Oil Company (a Fortune 40 company) in 1960, where he remained until Marathon was acquired by USX in 1982. At Marathon, Mr. Johnson undertook numerous positions, including Auditor, Controller, and finally Assistant to the President and CEO where he was responsible for investor relations, crude oil trading, liaison activities with other operation components of Marathon and merger/acquisition coordination. While at Marathon Oil, he was singled out by Institutional Investor magazine as one of the foremost practitioners of investor relations in the US. From 1982 to 1986, after its acquisition of Marathon, Mr. Johnson joined USX (formerly US Steel and a Fortune 20 company), where as Assistant Corporate Comptroller he was responsible for investor relations and strategic planning. From 1986 to 1991, Mr. Johnson was Managing Director of Georgeson & Co., an investor relations, proxy solicitation, and shareholder analysis firm with 160 employees. Mr. Johnson served as chairman and CEO for seven years of Johnnie D. Johnson & Co., an investor relations firm from 1991 to 1998, serving over 150 clients. Most recently, Mr. Johnson has assisted CTTC in his role as Chief Executive Officer of IR Services, LLC (previously Strategic IR, Inc.), beginning in 1998 through present. Mr. Johnson is a graduate of Harvard s Advanced Management Program, and was previously a licensed CPA.

Mr. Johnson has been highly active within the investor relations community, having served as chairman of both the National Investor Relations Institute (NIRI) and the NIRI foundation, as well as president of the Petroleum Investor Relations Association. He is a member of the Investor Relations Association, and a former member of NIRI and the American Institute of CPAs. His publications include, Establishing the Investor Relations Function, in The Handbook of Investor Relations, edited by Donald R. Nichols, 1989, Dow Jones-Irwin, and, Investor Relations: A Marketing Function, in Experts in Action: Inside Public Relations, 2nd ed., edited by C. Burger, 1989, Longman Inc. In addition, he has lectured extensively in the US, Europe and Asia on the subjects of investor relations and financial statement analysis.

PART II

Item 5.

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market information. Our common stock had been traded on the NYSE Amex under the ticker symbol CTT since April 25, 1984. On September 3, 2010, our stock was delisted from the NYSE Amex and began trading on the OTCQB under the ticker symbol CTTC. On October 5, 2010, our stock began trading on the OTC market's top tier, the OTCQX. The following table sets forth for the periods indicated, the quarterly high and low trading prices for our common stock, as reported by the NYSE Amex.

Year Ended July 31, 2010			Year Ended July 31, 2009		
	High	Low		High	Low
First Quarter	**$2.64**	**$1.92**	First Quarter	$3.00	$1.02
Second Quarter	**$2.39**	**$1.40**	Second Quarter	$1.55	$0.76
Third Quarter	**$3.10**	**$1.24**	Third Quarter	$1.80	$0.54
Fourth Quarter	**$3.64**	**$2.00**	Fourth Quarter	$2.84	$1.41

Holders. At October 25, 2010, there were approximately 519 holders of record of our common stock.

Dividends. No cash dividends were declared on our common or preferred stocks during the last two fiscal years.

COMPETITIVE TECHNOLOGIES, INC.

Item 6. Selected Financial Data (1) (4)

	2010	2009	2008	2007	2006
Statement of Operations Summary:					
Total revenues (2)	**$ 2,009,682**	$ 348,240	$ 1,193,353	$ 4,167,216	$ 5,187,631
Net income (loss) (2) (3)	**$ (2,708,534)**	$ (3,479,824)	$ (5,966,454)	$ (8,893,946)	$ (2,377,224)
Net income (loss) per share:					
Basic	**$ (0.25)**	$ (0.40)	$ (0.73)	$ (1.11)	$ (0.31)
Assuming dilution	**$ (0.25)**	$ (0.40)	$ (0.73)	$ (1.11)	$ (0.31)
Weighted average number of common shares outstanding:					
Basic	**10,832,043**	8,740,419	8,156,343	8,040,455	7,651,635
Assuming dilution	**10,832,043**	8,740,419	8,156,343	8,040,455	7,651,635
Year-end Balance Sheet Summary:			At July 31,		
Cash and cash equivalents	**$ 907,484**	$ 752,071	$ 2,237,095	$ 6,572,076	$ 12,909,311
Total assets	**4,949,923**	1,401,491	3,110,983	9,712,733	18,416,901
Total long-term obligations	**66,369**	81,418	78,822	62,624	-
Total shareholders' interest	**2,608,502**	285,168	1,593,436	7,598,816	14,454,200

(1)

This summary should be read in conjunction with our Consolidated Financial Statements and Notes thereto. All amounts in these notes are rounded to thousands.

(2)

2010 includes $1,941,000 from our pain therapy medical device. 2008 includes $320,000 for the settlement of our dispute with Palatin regarding their breach of our License Agreement. 2007 includes $806,000 for the sale of video compression patents. 2006 includes upfront license fees totaling $460,000.

(3)

2010 includes $516,000 of cost of sales for our pain therapy medical device. 2009 includes $400,000 insurance recovery in settlement of our legal action against Federal Insurance. 2008 includes recovery of $480,000 in legal fees related to the settlement of our dispute with Palatin. 2007 includes $877,000 of non-cash compensation related to stock options, $1,650,000 for the settlement of the case, including legal fees, brought against us by John B. Nano, write-off of $750,000 investment in non-public companies and related investigative fees of $189,000, and $711,000 of costs related to the proxy contest, including $125,000 non-cash compensation in the form of shares of common stock. 2006 includes $398,000 of non-cash compensation expense related to stock options and $371,000 of legal costs relating to Mr. Nano.

(4)

No cash dividends were declared or paid in any year presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

Forward-Looking Statements

Statements about our future expectations are "forward-looking statements" within the meaning of applicable Federal Securities Laws, and are not guarantees of future performance. When used herein, the words "may," "will," "should," "anticipate," "believe," "appear," "intend," "plan," "expect," "estimate," "approximate," and similar expressions are intended to identify such forward-looking statements. These statements involve risks and uncertainties inherent in our business, including those set forth in Item 1A under the caption "Risk Factors," in this Annual Report on Form 10-K for the year ended July 31, 2010, and other filings with the SEC, and are subject to change at any time. Our actual results could differ materially from these forward-looking statements. We undertake no obligation to update publicly any forward-looking statement.

Overview

Competitive Technologies, Inc. ("CTTC"), was incorporated in Delaware in 1971, succeeding an Illinois corporation incorporated in 1968. CTTC and its subsidiaries (collectively, "we," "our," or "us"), provide distribution, patent and technology transfer, sales and licensing services focusing on the needs of our customers, matching those requirements with commercially viable technology or product solutions. We develop relationships with universities, companies, inventors and patent or intellectual property holders to obtain the rights or a license to their intellectual property (collectively, the "technology" or "technologies"), or to their product. They become our clients, for whom we find markets to sell or further develop or distribute their technology or product. We also develop relationships with those who have a need or use for technologies or products. They become our customers, usually through a license or sublicense, or distribution agreement.

We earn revenue in three ways, retained royalties from licensing our clients' and our own technologies to our customer licensees, product sales fees in a business model that allows us to share in the profits of distribution of finished products, and sales of inventory. We currently maintain a small inventory of our Calmare pain therapy medical device and we recognize revenue from those sales as devices are shipped to our customers. Our customers pay us license fees, royalties based on usage of the technology, or per unit fees, and we share that revenue with our clients. Our revenue fluctuates due to changes in revenue of our customers, upfront license fees, new licenses granted, new distribution agreements, expiration of existing licenses or agreements, and/or the expiration or economic obsolescence of patents underlying licenses or products.

We acquire rights to commercialize a technology or product on an exclusive or non-exclusive basis, worldwide or limited to a specific geographic area. When we license or sublicense those rights to our customers, we may limit rights to a defined field of use. Technologies can be early, mid, or late stage. Products we evaluate must be a working prototype or finished product. We establish channel partners based on forging relationships with mutually aligned goals and matching competencies, to deliver solutions that benefit the ultimate end-user.

Reliance on one revenue source. In fiscal 2010, we had a significant concentration of revenue from our pain therapy medical device technology. We continue to seek revenue from new technology licenses to mitigate the concentration of revenue, and replace revenue from expiring licenses. We have created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution.

Presentation. All amounts in this Item 7 have been rounded to the nearest thousand dollars. All periods discussed in this Item 7 relate to our fiscal year ending July 31; first, second, third and fourth quarters ending October 31, January 31, April 30 and July 31, respectively.

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our financial condition and results of operations. This discussion and analysis should be read in conjunction with our Consolidated Financial Statements and Notes thereto.

The Company incurred an operating loss for fiscal 2010, as well as an operating loss in fiscal 2009. During fiscal 2010, we had a significant concentration of revenues from our pain therapy medical device technology. We continue to seek revenue from new technologies or products to mitigate the concentration of revenues, and replace revenues from expiring licenses. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond third quarter fiscal 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments to reflect the possible future effect of the recoverability and classification of assets or amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependent upon its developing other recurring revenue streams sufficient to cover operating costs. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. The company does not have any significant individual cash or capital requirements in the budget going forward. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company s financial position.

On September 3, 2010, the Company s securities began trading on the OTCQB marketplace under the ticker symbol CTTC, having been delisted from the NYSE Amex (the "Exchange"). The delisting followed an 18-month period during which the Company sought to regain compliance with the Exchange's continued listing standards as set forth in Part 10 of the Exchange Company Guide. As noted in Section 1003 of the Exchange Company Guide, companies with stockholders' equity of less than $2 million, and losses from continuing operations and net losses in two out of its three most recent fiscal years, or with stockholders' equity of less than $4 million and losses from continuing operations and net losses in three out of its four most recent fiscal years are non-compliant. . We were only non-compliant with the stockholders equity component.

Despite arguments made at an oral hearing at which the Company sought to remain listed, the Exchange Listing Qualifications Panel affirmed the Exchange Staff s determination to delist the Company s securities. After trading on the OTCQB for a month, on October 5, 2010, the Company s securities began trading on the OTC market's top tier, the OTCQX.

Results of Operations - 2010 vs. 2009

Summary of Results

We incurred a net loss for 2010 of $2,709,000 or $0.25 per share, compared to a net loss for 2009 of $3,480,000, or $0.40 per share, a decreased loss of $771,000, or $0.15 per share. The reasons for the decrease in net loss are explained in detail below.

Revenues

Total revenue for 2010 was $2,010,000, compared to $348,000 for 2009, an increase of $1,662,000, or 478%.

Product sales for 2010 were $1,853,000, an increase of $1,845,000 from the $8,000 recorded in fiscal 2009. Sales in fiscal 2010 represents sales of Calmare® pain therapy medical devices. We sold 126 (114 international, 12 domestic) devices in fiscal 2010. For 2009 sales were for one Calmare pain therapy medical device and three electronic stress management and memory improvement devices (which we are no longer actively marketing).

Retained royalties for 2010 were, $68,000, compared to the $261,000 reported in 2009, a decrease of $193,000 or 74%. The patents for our plasma display technology and novel infections bursal disease virus vaccine expired in the first quarter of fiscal 2010 and the second quarter of fiscal 2009 respectively. We earned no royalties on these patents in fiscal 2010 but recorded revenue totaling $50,000 on these patents in fiscal 2009. Our plant regeneration technology provided $132,000 in royalty income for fiscal 2009. These were primarily unreported back royalties. Going forward we expect this technology to provide revenue more in line with the $12,000 that was recorded for fiscal 2010.

Gain on sale of rental assets for fiscal 2010 included $81,000 from the conversion of a rental contract for two Calmare Pain Therapy medical devices into an outright sale of the devices. There were no conversions of rental assets during fiscal 2009.

Other income for 2010 was $7,000. This was primarily the result of entering into rental arrangements with two customers for our pain therapy medical device. For 2009 other income was primarily the proceeds of $71,000 on the sale of our flip chip patent.

Investment income includes dividends and interest earned on our invested cash. Investment income for 2010 was $0, compared to $7,000 in 2009 a decrease of $7,000, or 100%. The decrease is due to lower average monthly cash balances in the current year compared to the prior year.

Expenses

	2010	2009	Increase (Decrease)	% Increase (Decrease)
	$	$	$	
Cost of product sales	**516,000**	1,000	515,000	51,500
Personnel and other direct expenses relating to revenues	**2,061,000**	2,024,000	37,000	2
General and administrative expenses	**2,134,000**	2,199,000	(65,000)	(3)
Patent enforcement expenses, net of reimbursements	**-**	2,000	(2,000)	(100)
Insurance recovery	**-**	(400,000)	400,000	(100)
Interest expense	**8,000**	3,000	5,000	167
Total expenses	**$ 4,719,000**	$ 3,829,000	890,000	23

*Total expenses in*creased $890,000 or 23% in 2010 compared to 2009.

Cost of product sales in 2010 represents the cost of 57 pain therapy devices sold. The company usually does not take possession of medical devices, but has devices drop-shipped directly from our Korean manufacturer. This was true of 69 units sold during fiscal 2010. We anticipate that most of our sales will be drop shipped directly from the manufacturer going forward. There was no cost of sales for our pain therapy device in fiscal 2009. All the costs for 2009 relate to our stress management and memory improvement device. We are no longer actively marketing this device.

Personnel and other direct expenses relating to revenues increased a net $37,000 in 2010, compared to 2009. Commission expense was $126,000 higher in fiscal 2010 as sales of our pain therapy medical device has started to increase. We incurred $91,000 of recruiting expenses in fiscal 2010 to staff our VP Sales & Marketing position, as well as commissioned sales representatives for our pain therapy device. In fiscal 2008, we had a large overaccrual for the expected contribution to the company 401(k) plan. This overaccrual was reversed in fiscal 2009, and resulted in 401(k) expense for fiscal 2010 being $71,000 higher than fiscal 2009. Finally, employee benefits were $23,000 higher in fiscal 2010 when compared with fiscal 2009. This is primarily the result of a 5% premium increase, as well as having some of our employees select more expensive insurance options for fiscal 2010. These cost increases were offset by the following decreases; $95,000 for consulting costs as management made a concerted effort to reduce unnecessary costs, $85,000 in employee stock option expenses as option awards for our former Chief Executive Officer fully vested in February 2010 and no further expense will be recognized on these options. Payroll and related taxes decreased by $63,000 as a result of lower headcount through fiscal 2010 when compared with fiscal 2009.

Finally, severance costs decreased $35,000 as three people were terminated in fiscal 2009 versus one in fiscal 2010.

General and administrative expenses decreased a net $65,000 or 3% in 2010, compared to 2009. The decrease in expenses is primarily due to the following reductions: legal fees as a result of less active litigation, $332,000, primarily the Marcovitch case; SOX expense $116,000 as we hired new consultants for fiscal 2010 which resulted in significantly lower fees, and D&O insurance $75,000, as our last insurance renewal resulted in a significant savings. In addition, other directors' costs were $14,000 lower in fiscal 2010, primarily the result of having one less director. These decreases were offset by the following cost increases; payments to a public relations firm for our pain therapy device, $105,000, costs for our conference in Boston introducing the pain therapy device, $58,000, payments to Medical Technology Partners totaling $75,000 for development of our insurance reimbursement strategy, payments to outside consultants to operate and train users on our pain therapy medical device, $53,000, payments totaling $20,000 to the newly created Medical Advisory Board for our pain therapy device. Investor Relations expenses were higher in fiscal 2010, $64,000, due to the number of press releases related to the success of our pain therapy device. Travel & Entertainment expense is higher, $36,000, in fiscal 2010 due to the establishment of a sales force for our pain therapy device. We incurred expenses totaling $42,000 to have Crystal Research prepare an investment research report on the company. Finally, our exchange listing fees were $16,000 higher in fiscal 2010, primarily due to the write-off of prepaid fees at year-end due to the company s delisting from the NYSE Amex.

Patent enforcement expenses, net of reimbursements, decreased a net $2,000 or 100% in 2010, compared to 2009. Patent enforcement expenses vary, depending on the activity relating to outstanding patent litigation.

Insurance recovery in 2009 represents settlement of our action against Federal Insurance to cover our legal fees and loss associated with the case involving Ben Marcovitch and other co-defendants (For further information, see the Marcovitch and Federal cases, **Item 3. Legal Proceedings.**).

Interest expense in 2010 was incurred as a result of our landlord allowing us to defer certain rent payments while we were in the process of commercializing our pain therapy device and also because we financed our insurance premiums for fiscal 2010. In fiscal 2009, interest expense relates solely to the deferment of rent payments. The expense is higher in fiscal 2010 because the total rent deferral is higher.

Provision for income taxes

In current and prior years, we generated significant federal and state income and alternative minimum tax ("AMT") losses, and these net operating losses ("NOLs") were carried forward for income tax purposes to be used against future taxable income. In 2010 and in 2009, we incurred a loss but did not record a benefit since the benefit was fully reserved (see below).

The NOLs are an asset to us if we can use them to offset or reduce future taxable income and therefore reduce the amount of both federal and state income taxes to be paid in future years. Previously, since we were incurring losses and could not be sure that we would have future taxable income to be able to use the benefit of our NOLs, we recorded a valuation allowance against the asset, reducing its book value to zero. In 2010 and in 2009, the benefit from our net loss was offset completely by a valuation allowance recorded against the asset. We did not show a benefit for income taxes. We will reverse the valuation allowance or portions thereof when we determine it is more likely than not that our NOL s will be utilized. We have substantial federal and state NOLS and capital loss carryforwards to use against future regular taxable income. In addition, we can use our NOLs to reduce our future AMT liability. A significant portion of the remaining NOLs at July 31, 2010, approximately $4,053,000, was derived from income tax deductions related to the stock options exercises. The tax effect of these deductions will be credited against capital in excess of par value at the time they are utilized for book purposes, and not credited to income. We will never receive a benefit for these NOLs in our statement of operations.

At July 31, 2010, and July 31, 2009 we had no unrecognized tax benefits.

Financial Condition and Liquidity

Our liquidity requirements arise principally from our working capital needs, including funds needed to find and obtain new technologies or products, and protect and enforce our intellectual property rights, if necessary. We fund our liquidity requirements with a combination of cash on hand and cash flows from operations, if any, including royalty legal awards. At July 31, 2010, we had no outstanding debt, and no credit facility.

We believe we will successfully license new technologies and collect due, but unpaid, royalties on existing licenses to add revenue. Although there can be no assurance that we will be successful in our efforts, we believe the combination of our cash on hand and revenue from executing our strategy will be sufficient to meet our obligations of current and anticipated operating cash requirements beyond third quarter fiscal 2011. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing opportunities for our remaining portfolio of technologies.

In late fiscal 2007, the Company obtained exclusive worldwide distribution rights to a non-invasive pain therapy medical device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. Developed and patented in Italy by CTTC's client, Prof. Giuseppe Marineo, DSc., the "Scrambler Therapy" technology was brought to CTTC through the efforts of Prof. Giancarlo Elia Valori of the Italian business development group, Sviluppo Lazio S.p.A. The Calmare® pain therapy medical device, with a biophysical rather than a biochemical approach, uses a multi-processor able to simultaneously treat multiple pain areas by applying surface electrodes to the skin. The device's European CE mark certification allows it to be distributed and sold throughout Europe, and makes it eligible for approval for distribution and sales in multiple global markets. In February 2009, CTTC received FDA 510(k) clearance for U.S. sales of the device. Several thousand patients in various hospitals and medical centers have been successfully treated using the technology. CTTC's partner, GEOMC Co., Ltd. of Korea, is manufacturing the product commercially for worldwide distribution. U.S. and international patents are pending.

Beginning in fiscal 2008, we entered into a number of distribution agreements granting country-exclusive rights for Calmare device sales to a number of international distributors. Each distributor is required to obtain local sales authorization. These signed distribution agreements currently cover about 48% of the world's population (not including the US). We continue to seek additional international distribution partners.

In the U.S. we are the distributor for the Calmare Pain Therapy medical device, having canceled the July 2009 distribution agreement we had with Innovative Medical Therapies, Inc. for nonperformance, and currently have contracts with approximately 40 commissioned sales representatives. To assist potential clients, we are working with several commercial leasing companies to provide long term (24-60 months) financing for sales of the Calmare device to hospitals, clinics and medical practices in the US.

Cash and cash equivalents consist of demand deposits and interest earning investments with maturities of three months or less, including money market funds. We carry cash equivalents at cost.

At July 31, 2010, cash and cash equivalents were $907,000, compared to $752,000 at July 31, 2009. The fiscal 2010 loss of $2,709,000 contained non-cash charges of $224,000. A gain on the sale of rental assets of $81,000, and reductions in assets and liabilities of $1,096,000, resulted in cash used in operations of $3,662,000. Cash flow provided by investing activities includes proceeds of $3,941,000 primarily from the sale of common stock to Fusion and Crisnic. These activities increased cash by $155,000. As of October 25, 2010, our cash and cash equivalents balance is approximately $964,000 million.

We currently have the benefit of using a portion of our accumulated NOLs to eliminate any future regular federal and state income tax liabilities. We will continue to receive this benefit until we have utilized all of our NOLs, federal and state. However, we cannot determine when and if we will be profitable and thus able to utilize the benefit of the remaining NOLs before they expire.

At July 31, 2010, we had aggregate federal net operating loss carryforwards of approximately $28,786,000, which expire at various times through 2030, with the majority of them expiring after 2011. A majority of our federal NOLs can be used to reduce taxable income used in calculating our AMT liability. We also have state net operating loss carryforwards of approximately $26,065,000 that expire through fiscal year 2030.

A significant portion of the NOLs remaining at July 31, 2010, approximately $4,053,000, was derived from income tax deductions related to the exercise of stock options. The tax effect of these deductions will be credited against capital in excess of par value at the time they are utilized for book purposes, and not credited to income. We will never receive a benefit for these NOLs in our statement of operations.

Funding and Capital Requirements

Equity Financing

In July 2008, to improve our financial condition we entered into an equity financing arrangement (the "2008 Agreement") with Fusion Capital for up to $5.0 million of cash through sales of our common stock, at our option. We raised approximately $2.0 million through this agreement and terminated it on August 5, 2009. On August 6, 2009 we entered into a new agreement (the "2009 Agreement") with Fusion Capital to raise up to $8.0 million dollars through sales of our common stock. We raised approximately $3.4 million through this agreement.

On June 2, 2010, we entered into an agreement with Crisnic Fund, S.A. to sell up to two million share of our common stock to Crisnic at a 15% discount from the volume weighted average price on the date the SEC declared our registration statement effective. As part of the agreement, Crisnic was entitled to $10,000 cash and 75,000 shares of our common stock as a fee.

The SEC declared our registration statement effective on July 14, 2010. The volume weighted average price on that day was $2.40 per share and the 15% discount priced the shares at $2.04 per share. During this same period, June and July 2010, the Company also received notification of its pending delisting from the NYSE Amex (see below). Although the Company believed completing the Crisnic Agreement would enable it to comply with the NYSE Amex's continued listing standards, market conditions existing at the time, primarily the threat of the Company being delisted from the NYSE Amex, led to a significant increase in short sales and a rapid decrease in the stock price.

Following the closing date for the sale, the stock price went down rapidly, to the point where Crisnic was unable to complete the funding for the transaction. Because the stock was trading below the discounted price of $2.04, portions of the shares could not be sold to third parties at the agreed-upon price, as had been planned by Crisnic. Shares were sold in several traunches, initially at the agreed upon price per share of $2.04, and as market conditions worsened, at lower prices which would still enable the Company to receive the necessary financing. No shares were sold below $0.90.

The Company ultimately received approximately $1.6 million for the sale of 1,447,867 shares of common stock (including the 75,000 shares given to Crisnic as a fee). The remaining 627,133 shares of stock remain outstanding and are reflected as a receivable reducing equity in our financial statements. These shares were valued at $0.90. Due to current market conditions, we have suspended our plans to sell these shares.

We also incurred cash costs relating to the Crisnic agreement, including legal and auditing fees, exchange listing fees, and due diligence costs totaling $140,112. These costs have been charged against capital in excess of par value.

Capital requirements

The Company incurred operating losses for fiscal 2010 and 2009. In fiscal 2010, we had a significant concentration of revenues from our pain therapy medical device technology. We continue to seek revenue from new technology licenses to mitigate the concentration of revenue, and replace revenue from expiring licenses. We have created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution.

For fiscal 2011, we expect our capital expenditures to be less than $100,000.

General

Our future cash requirements depend on many factors, including results of our operations and marketing efforts, results and costs of our legal proceedings, and our equity financing. To achieve and sustain profitability, we must increase the number of distributors for our products, broaden the base of technologies for distribution, license technologies with sufficient current and long-term revenue streams, and add new licenses. Obtaining rights to new technologies, granting rights to licensees and distributors, enforcing intellectual property rights, and collecting revenue are subject to many factors, some of which are beyond our control. Although we cannot be certain that we will be successful in these efforts, we believe the combination of our cash on hand and revenue from executing our strategic plan will be sufficient to meet our obligations of current and anticipated operating cash requirements beyond third quarter fiscal 2011.

Contractual Obligations and Contingencies

At July 31, 2010, our contractual obligations were:

Contractual Obligations	Total		Within 1 year		1-3 years	3-5 years	More than 5 years
Operating lease obligations, principally rent	$ 1,156,000		$ 521,000		$ 607,000	$ 28,000	$ -
Nano employment agreement	175,000	(1)	175,000	(1)	-	-	-
	$ 1,331,000		$ 696,000		$ 607,000	$ 28,000	$ -

(1) Because John B. Nano was terminated for cause on September 3, 2010, the Company does not believe it has any contractual obligations under his employment agreement going forward. (See Item 15. Subsequent Events.)

Any other commitments we may have are contingent upon a future event.

Contingencies. Our directors, officers, employees and agents may claim indemnification in certain circumstances. We seek to limit and reduce potential obligations for indemnification by carrying directors and officers liability insurance, subject to deductibles.

We also carry liability insurance, casualty insurance, for owned or leased tangible assets, and other insurance as needed to cover us against potential and actual claims and lawsuits that occur in the ordinary course of business.

Many of our license and service agreements provide that upfront license fees, license fees and/or royalties we receive are applied against amounts that our clients or we have incurred for patent application, prosecution, issuance and maintenance costs. We expense such costs as incurred, and reduce expense if reimbursed from future fees and/or royalties. If the reimbursement belongs to our client, we record no revenue or expense.

As of July 31, 2010, CTTC and its majority owned subsidiary, Vector Vision, Inc. ("VVI"), have remaining obligations, contingent upon receipt of certain revenues, to repay up to $199,006 and $203,478, respectively, in consideration of grant funding received in 1994 and 1995. CTTC also is obligated to pay at the rate of 7.5% of its revenues, if any, from transferring rights to certain inventions supported by the grant funds. VVI is obligated to pay at rates of 1.5% of its net sales of supported products or 15% of its revenues from licensing supported products, if any. We recognize these obligations only if we receive revenues related to the grant funds. We recognized approximately $1,705 of these obligations in 2010.

We engage independent consultants who provide us with business development, advisory and/or evaluation services under contracts that are cancelable on certain written notice. These contracts include contingencies for potential sales commissions earned solely on sales resulting directly from the work of the consultant. For fiscal 2009 we neither accrued nor paid significant sales commissions under such contracts. For fiscal 2010, we recorded approximately

$126,000 of such sales commissions expense.

Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires that we make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenue and expenses for the reporting period, and related disclosures. We base our estimates on information available at the time, and assumptions we believe are reasonable. By their nature, estimates, assumptions and judgments are subject to change at any time, and may depend on factors we cannot control. As a result, if future events differ from our estimates, assumptions and judgments, we may need to adjust or revise them in later periods.

We believe the following significant estimates, assumptions, and judgments we used in preparing our consolidated financial statements are critical to understanding our financial condition and operations.

Deferred tax assets. In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of uncertainty of achieving sufficient taxable income in the future, a full valuation allowance against its deferred tax asset has been recorded. If these estimates and assumptions change in the future, the Company may be required to reverse the valuation allowance against deferred tax assets, which could result in additional income tax income.

Share-based compensation. We account for share-based compensation on a fair value basis. Share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the service (vesting) period. Determining the fair value of share-based awards at the grant date requires judgment, including, estimating the expected life of the stock option, volatility, and the amount of share-based awards that can be expected to be forfeited. Our estimates were based on our historical experience with stock option awards.

Related Party Transactions

Our board of directors determined that when a director's services are outside the normal duties of a director, we compensate the director at the rate of $1,000 per day, plus expenses, which is the same amount we pay a director for attending a one-day Board meeting. We classify these amounts as consulting expenses, included in personnel and other direct expenses relating to revenues.

We incurred charges of $300 and $54,000 in 2010 and 2009, respectively, for consulting services provided by a relative of our former Chairman, President and CEO.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable for smaller reporting company.

Item 8. Financial Statements and Supplementary Data

<u>Description</u>

<u>Page</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Competitive Technologies, Inc.

Fairfield, CT

We have audited the accompanying consolidated balance sheets of Competitive Technologies, Inc. and Subsidiaries as of July 31, 2010 and 2009 and the related consolidated statements of operations, changes in shareholders interest and cash flows for the years then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Competitive Technologies, Inc. and Subsidiaries at July 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Competitive Technologies, Inc. and Subsidiaries will continue as a going concern. As more fully described in Note 1, at July 31, 2010, the Company has incurred operating losses since fiscal year 2006. These conditions raise substantial doubt about the Company s ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/

Mayer Hoffman McCann CPAs

(The New York Practice of Mayer Hoffman McCann P.C.)

New York, New York

October 26, 2010

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	July 31, 2010	July 31, 2009
ASSETS		
Current Assets:		
	$	$
Cash and cash equivalents	**907,484**	752,071
Receivables, net of allowance of $101,154 at July 31, 2010 and 2009	**3,536,572**	199,619
Inventory	**272,869**	-
Prepaid expenses and other current assets	**69,080**	206,789
Total current assets	**4,786,005**	1,158,479
Property and equipment, net	**163,918**	203,012
Deferred financing costs, net	**-**	40,000
	$	$
TOTAL ASSETS	**4,949,923**	1,401,491
LIABILITIES AND SHAREHOLDERS' INTEREST		
Current Liabilities:		
	$	$
Accounts payable	**1,046,174**	352,543
Accrued expenses and other liabilities	**1,228,878**	682,362
Total current liabilities	**2,275,052**	1,034,905
Deferred rent	**66,369**	81,418
Shareholders' interest:		
5% preferred stock, $25 par value, 35,920 shares authorized,		
2,427 shares issued and outstanding	**60,675**	60,675
Common stock, $.01 par value, 20,000,000 shares authorized,		
13,824,944 and 9,819,027 shares issued respectively	**138,249**	98,190
Capital in excess of par value	**43,444,154**	37,887,925
Receivable from Crisnic	**(564,420)**	-
Accumulated deficit	**(40,470,156)**	(37,761,622)
Total shareholders' interest	**2,608,502**	285,168
TOTAL LIABILITIES AND	**$**	$
SHAREHOLDERS' INTEREST	**4,949,923**	1,401,491

See accompanying notes

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

	Year ended July 31,	
	2010	2009
Revenues		
	$	$
Product Sales	**1,853,040**	8,493
Retained Royalties	**68,434**	261,410
Investment income	**73**	7,346
Gain on Sale of Rental Assets	**81,203**	-
Other income	**6,932**	70,991
	2,009,682	348,240
Expenses		
Cost of product sales	**515,612**	668
Personnel and other direct expenses		
Relating to revenues	**2,061,024**	2,024,210
General and administrative expenses	**2,133,936**	2,198,608
Patent enforcement expenses, net of		
reimbursements	**-**	1,852
Insurance recovery	**-**	(400,000)
Interest expense	**7,644**	2,726
	4,718,216	3,828,064
(Loss) before income taxes	**(2,708,534)**	(3,479,824)
Provision (benefit) for income taxes	**-**	-
	$	$
Net (loss)	**(2,708,534)**	(3,479,824)
Net (loss) per common share:		
	$	$
Basic (loss) per share	**(0.25)**	(0.40)
	$	$
Diluted (loss) per share	**(0.25)**	(0.40)

Weighted average number of common shares outstanding:		
Basic	**10,832,043**	8,740,419
Diluted	**10,832,043**	8,740,419

See accompanying notes

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Interest

	Preferred Stock		Common Stock			Receivable		
	Shares outstanding	Amount	Shares outstanding	Amount	Capital in excess of par value	From Crisnic	Accumulated deficit	Total Shareholders Interest
		$		$	$	$	$	$
Balance July 31, 2008	2,427	60,675	8,179,872	81,798	35,732,761	-	(34,281,798)	1,593,436
Net loss							(3,479,824)	(3,479,824)
Issuance to Fusion initial commitment shares			63,280	634	122,763			123,397
Sale of shares to Fusion			1,516,783	15,167	1,973,492			1,988,659
Amortization of deferred financing costs related to Fusion shares					(262,176)			(262,176)
Exercise of Common Stock Options			20,000	200	24,907			25,107
Compensation expense from stock option grants					244,118			244,118
Stock issued to 401(k) plan			26,592	266	39,622			39,888
Stock issued to Directors			12,500	125	12,438			12,563
		$		**$**	**$**	**$**	**$**	**$**
Balance July 31, 2009	**2,427**	**60,675**	**9,819,027**	**98,190**	**37,887,925**	**-**	**(37,761,622)**	**285,168**
Net loss							**(2,708,534)**	**(2,708,534)**
Compensation expense from stock option grants					**171,978**			**171,978**
Issuance to Fusion initial commitment			**86,933**	**869**	**211,247**			**212,116**

shares								
Sale of shares to Fusion			**1,826,351**	**18,264**	**3,423,215**			**3,441,479**
Sale of shares to Crisnic			**2,075,000**	**20,750**	**2,161,418**	**(564,420)**		**1,617,748**
Amortization of deferred financing costs related to Fusion shares					**(301,288)**			**(301,288)**
Financing costs for Crisnic shares					**(140,112)**			**(140,112)**
Stock issued to 401(k) plan			**7,633**	**76**	**11,221**			**11,297**
Stock issued to Directors			**10,000**	**100**	**18,550**			**18,650**
		$		**$**	**$**	$	**$**	**$**
Balance July 31, 2010	**2,427**	**60,675**	**13,824,944**	**138,249**	**43,444,154**	**(564,420)**	**(40,470,156)**	**2,608,502**

See accompanying notes

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year ended July 31,	
	2010	2009
Cash flows from operating activities:	**$**	$
Net (loss)	**(2,708,534)**	(3,479,824)
Adjustments to reconcile net loss to net cash used in operating activities:		
Security deposit used as rent payment	**-**	39,833
Depreciation and amortization	**55,009**	61,341
Deferred rent	**(15,049)**	2,596
Share-based compensation stock options	**171,978**	244,118
Accrued stock contribution	**12,262**	(55,043)
Gain on sale of rental assets	**(81,203)**	-
Changes in assets and liabilities:		
Receivables	**(2,219,206)**	(79,542)
Inventory	**(272,869)**	-
Prepaid expenses	**137,709**	111,217
Accounts payable, accrued expenses and other liabilities	**1,257,833**	(336,326)
Net cash used in operating activities	**(3,662,070)**	(3,491,630)
Cash flows from investing activities:		
Purchases of property and equipment	**(38,581)**	(1,490)
Proceeds from sale of rental assets	**103,868**	-
Net cash provided by (used in) investing activities	**65,287**	(1,490)
Cash flows from financing activities:		
Proceeds from exercises of stock options	**-**	25,107
Proceeds from sale of stock	**3,941,480**	1,988,659
Financing costs	**(140,112)**	-
Deferred finance charges	**(49,172)**	(5,670)
Net cash provided by financing activities	**3,752,196**	2,008,096
Net increase (decrease) in cash and cash equivalents	**155,413**	(1,485,024)
Cash and cash equivalents at beginning of year	**752,071**	2,237,095
	$	$
Cash and cash equivalents at end of year	**907,484**	752,071

See accompanying notes

COMPETITIVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1.

BUSINESS AND BASIS OF PRESENTATION

Competitive Technologies, Inc. ("CTTC") and its wholly-owned subsidiary, CTT Trading Company, LLC ("CTT Trading"), and majority-owned subsidiary, Vector Vision, Inc. ("VVI"), (collectively, "we" or "us") provide patent and technology licensing and commercialization services throughout the world, with concentrations in the U.S., Europe, and Asia, with respect to a broad range of life and physical sciences, electronics, and nanotechnologies originally invented by individuals, corporations and universities. We are compensated for our services by sharing in the profits of distribution or the license and royalty fees generated from successful licensing of clients technologies.

The consolidated financial statements include the accounts of CTTC, CTT Trading, and VVI. Inter-company accounts and transactions have been eliminated in consolidation.

The Company has incurred operating losses since fiscal 2006. During fiscal 2010 we had a significant concentration of revenues from our pain therapy medical device technology. We continue to seek revenue from new technologies or products to mitigate the concentration of revenues, and replace revenues from expiring licenses. At current reduced spending levels, the Company may not have sufficient cash flow to fund operating expenses beyond third quarter fiscal 2011. These conditions raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include adjustments to reflect the possible future effect of the recoverability and classification of assets or amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependent upon its developing other recurring revenue streams sufficient to cover operating costs. If necessary, we will meet anticipated operating cash requirements by further reducing costs, and/or pursuing sales of certain assets and technologies while we pursue licensing and distribution opportunities for our remaining portfolio of technologies. The company does not have any significant individual cash or capital requirements in the budget going forward. There can be no assurance that the Company will be successful in such efforts. Failure to develop a recurring revenue stream sufficient to cover operating expenses would negatively affect the Company s financial position.

In fiscal 2010, the Company incorporated revenue from the sale of inventory to its revenue stream. That source of revenue is expected to continue into fiscal 2011 and into the future as sales of its Calmare pain therapy medical device and other products are added to its portfolio of technologies and products.

Our liquidity requirements arise principally from our working capital needs, including funds needed to find and obtain new technologies or products, and protect and enforce our intellectual property rights, if necessary. We fund our liquidity requirements with a combination of cash on hand and cash flows from operations, if any, including royalty legal awards. At July 31, 2010, we had no outstanding debt, and no credit facility.

On December 2, 2008, the Company received notice from the NYSE Amex, then known as NYSE Alternext US LLC (the "Exchange"), notifying us that the staff of the Exchange Corporate Compliance Department had determined that the Company s Form 10-K for the fiscal year ended July 31, 2008 did not meet continued listing standards as set forth in Part 10 of the Exchange Company Guide, and the Company has therefore become subject to the procedures and requirements of Section 1009 of the

Exchange Company Guide. As noted in Section 1003 of the Exchange Company Guide, companies with stockholders' equity of less than $2 million, and losses from continuing operations and net losses in two out of its three most recent fiscal years, or with stockholders' equity of less than $4 million and losses from continuing operations and net losses in three out of its four most recent fiscal years are non-compliant. We were only non-compliant with the stockholders equity component.

Despite the Company's efforts to regain compliance, as required by the Exchange's rules, on June 4, 2010 the Exchange notified CTTC that the Exchange intended to file a delisting application with the Securities and Exchange Commission (SEC) to strike the listing of CTTC s securities from the Exchange pursuant to Section 1009(d) of the NYSE Amex Company Guide. The Company filed an appeal of the delisting determination and requested an oral hearing before a Listing Qualifications Panel of the Exchange (the Panel). That hearing was held on August 25, 2010. On August 30, the Company announced that the Panel had affirmed the Exchange Staff s determination to delist the Company s securities. On September 3, 2010, the Company s securities began trading on the OTCQB marketplace under the ticker symbol CTTC. On October 5, 2010, the Company s securities began trading on the OTC market's top tier, the OTCQX.

Our current recurring revenue stream is insufficient for us to be profitable with our present cost structure. In 2005, we were profitable because of unusually large, upfront license fees related to our homocysteine technology that has not recurred since. To return to and sustain profitability, we must increase recurring revenue by successfully licensing technologies with current and long-term revenue streams, and continue to build our portfolio of innovative technologies. We significantly reduced overhead costs with staff reductions across all company departments, reduced extraneous litigations, and obtained new technologies to build revenue. We will continue to monitor our cost structure, and expect to operate within our generated revenue and cash balances.

In late fiscal 2007, the Company obtained exclusive worldwide distribution rights to a non-invasive pain therapy medical device for rapid treatment of high-intensity oncologic and neuropathic pain, including pain resistant to morphine and other drugs. Developed and patented in Italy by CTTC's client, Prof. Giuseppe Marineo, DSc., the "Scrambler Therapy" technology was brought to CTTC through the efforts of Prof. Giancarlo Elia Valori of the Italian business development group, Sviluppo Lazio S.p.A. The Calmare pain therapy medical device, with a biophysical rather than a biochemical approach, uses a multi-processor able to simultaneously treat multiple pain areas by applying surface electrodes to the skin. The device's European CE mark certification allows it to be distributed and sold throughout Europe, and makes it eligible for approval for distribution and sales in multiple global markets. In February 2009, CTTC received FDA 510(k) clearance for U.S. sales of the device. Several thousand patients in various hospitals and medical centers have been successfully treated using the technology. CTTC's partner, GEOMC Co., Ltd. of Korea, is manufacturing the product commercially for worldwide distribution. U.S. and international patents are pending.

Beginning in fiscal 2008, we entered into a number of distribution agreements granting country-exclusive rights for Calmare device sales to a number of international distributors. Each distributor is required to obtain local sales authorization. These signed distribution agreements currently cover about 48% of the world's population (not including the US). We continue to seek additional international distribution partners.

In the U.S. we are the distributor for the Calmare Pain Therapy medical device, having canceled the July 2009 distribution agreement we had with Innovative Medical Therapies, Inc. for nonperformance, and currently have contracts with approximately 40 commissioned sales representatives. To assist potential clients, we are working with several commercial leasing companies to provide long term (24-60 months) financing for sales of the Calmare device to hospitals, clinics and medical practices in the US.

In July 2008, to improve our financial condition we entered into an equity financing arrangement (the "2008 Agreement") with Fusion Capital for up to $5.0 million of cash through sales of our common stock, at our option. We raised approximately $2.0 million through this agreement and terminated it on August 5, 2009. On August 6, 2009 we entered into a new agreement (the "2009 Agreement") with Fusion Capital to raise up to $8.0 million dollars through sales of our common stock. We raised approximately $3.4 million through this agreement.

Future revenue, obtaining rights to new technologies, granting licenses, and enforcing intellectual property rights are subject to many factors beyond our control. These include technological changes, economic cycles, and our licensees' ability to successfully commercialize our technologies. Consequently, we may not be able to generate sufficient revenue to be profitable.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that we make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. Actual results could differ significantly from our estimates.

Revenue Recognition

We earn revenue in three ways, retained royalties from licensing our clients' and our own technologies to our customer licensees, product sales fees in a business model that allows us to share in the profits of distribution of finished products, and sales of inventory.

We currently maintain a small inventory of our Calmare pain therapy medical device and we recognize revenue from those sales as devices are shipped to our customers.

We develop relationships with universities, companies, inventors and patent or intellectual property holders to obtain the rights or a license to their intellectual property, principally patents and inventions, or to their products. They become our clients, for whom we find markets to sell or further develop or distribute their technology or product. We also develop relationships with those who have a need or use for technologies or products. They become our customers, usually through a license or sublicense, or distribution agreement. We acquire rights to commercialize a technology or product on an exclusive or non-exclusive basis, worldwide or limited to a specific geographic area. When we license or sublicense these rights to our customer, we may limit rights to a defined field of use. Technologies can be early, mid, or late stage. Products must be a working prototype or finished product.

Our customers pay us license fees based on usage of the technology, or per unit fees, and we share the revenue with our clients. When we receive reports of sales or payments from customers, whichever occurs first, we record revenue for our portion, and record our obligation to our clients. Revenue we record is solely our share of the gross revenue, net of our clients' share, which is usually a fixed percentage, which may vary for each technology.

We may receive annual minimum royalty payments or unit fees, milestone payments or unit fees, or an upfront payment or fee upon execution of the license or distribution agreement. These are generally non-refundable, and, except for annual minimums, are usually not creditable against future payments. We may apply the upfront fee or initial fees to reimburse patent prosecution and/or maintenance costs incurred by either party. In these cases, payments are recorded as a reduction of expense, and not as revenue. If the reimbursement belongs solely to our client, we record no revenue or expense reduction. As a result, a new technology may not generate significant revenue in its early years.

Licensing and distribution terms are set in written agreements with customers. In licensing technologies, we generally enter into single element agreements with customers, under which we have no additional obligations other than patent prosecution and maintenance. In milestone billing agreements we recognize non-refundable, upfront fees ratably over the life of the agreement, and milestone payments as the specified milestone is achieved. Retained royalties or distribution fees earned are of the following types:

Non-refundable, upfront license fee We record our share of non-refundable, upfront license fees upon execution of a license, sublicense or distribution agreement. Once delivery is complete, and the fee is collected, we have no continuing obligation. No upfront fees were received in fiscal 2010 or fiscal 2009.

Royalty or per unit fees The royalty or per unit rate is fixed in the license or distribution agreement, with the amount earned contingent upon our customer's usage of our technology or sale of our product. Some agreements may contain stipulated minimum monthly or annual fee payments to CTTC. We determine the amount of revenue to record when we can estimate the amount earned for a period. We receive payment or royalty reports on a monthly, quarterly or semi-annual basis indicating usage or sales of licensed technologies or products to determine the revenue earned in the period. Revenue may fluctuate from one quarter to another based on receipt of reports from customers.

Revenue from foreign sources was $1,385,239 and $42,628, for 2010 and 2009, respectively. In fiscal 2010, revenue from Italian sources totaled $1,339,450, while revenue from Japanese sources totaled $32,314, in 2009.

Royalty legal awards We earn non-recurring revenues from royalty legal awards, principally from patent infringement actions filed on behalf of our clients and/or us. Patent infringement litigation cases generally occur when a customer or another party ignores our patent rights, or challenges the legal standing of our clients' or our technology rights. These cases, even if settled out of court, may take several years to complete, and the expenses may be borne by our clients, by us, or shared. We share royalty legal awards in accordance with the agreement we have with our clients, usually after reimbursing each party for their related legal expenses. We recognize royalty legal award revenue when our rights to litigation awards are final and unappealable and we have assurance of collecting those awards, or when we have collected litigation awards in cash from the adverse party, or by sale of our rights to another party without recourse, and we have no obligation or are very unlikely to be obligated to repay such collected amounts. Proceeds from cases settled out of court are recorded as retained royalties. (For further information, see **Note 3**.)

Legal awards in patent infringement cases usually include accrued interest through the date of payment, as determined by the court. The court awards interest for unpaid earned income. Interest may also be included in other settlements with customers. Interest included in an award or settlement is generally recorded as interest income when received.

Unless otherwise specified, we record all other revenue, as earned.

Concentration of Revenues

Approximately $1,941,000, or 97%, of 2010 revenue was derived from our pain therapy medical device. Of this amount, approximately $1,339,000, or 69%, was received from one customer, Life Epistéme SARL We continue to seek revenue from new technology licenses to mitigate the concentration of revenues, and replace revenue from expiring licenses. We have created a new business model for appropriate technologies that allows us to move beyond our usual royalty arrangement and share in the profits of distribution.

Expenses

We recognize expenses related to evaluating, patenting and licensing inventions, and enforcing intellectual property rights in the period incurred.

Cost of product sales includes payments of commissions for sales representatives as well as contractual payments to inventor and manufacturer relating to our Calmare pain therapy medical device. Costs associated with storing and shipping devices are also included in cost of product sales.

Personnel and other direct expenses relating to revenue include employee salaries and benefits, marketing and consulting expenses related to technologies and specific revenue initiatives, domestic and foreign patent legal filing, prosecution and maintenance expenses, net of reimbursements, amortization and impairment of intangible assets acquired, royalty audits, and other direct costs.

General and administrative expenses include directors' fees and expenses, public company related expenses, professional services, including financing, audit and legal services, rent and other general business and operating expenses.

Patent enforcement expenses, net of reimbursements, include direct costs incurred to enforce our patent rights, excluding personnel related costs. In certain instances we recover amounts previously expensed from future revenue and record our reimbursement as a reduction of expense.

Fair Value of Financial Instruments

The Company believes the carrying amounts of cash, accounts receivable, inventory, accounts payable, and accrued expenses and other liabilities approximate fair value due to their short-term maturity.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and interest earning investments with maturities of three months or less, including overnight bank deposits and money market funds. Cash equivalents are carried at cost.

Inventory

Inventory consists of finished product of our pain therapy device. Inventory is stated at lower of cost (first in, first out) or market.

Property and Equipment

Property and equipment are carried at cost less an allowance for depreciation. Expenditures for normal maintenance and repair are charged to expense as incurred. The costs of depreciable assets are charged to operations on a straight-line basis over their estimated useful lives, three to five years for equipment, or the terms of the related lease for leasehold improvements. The cost and related accumulated depreciation or amortization of property and equipment are removed from the accounts upon retirement or other disposition, and any resulting gain or loss is reflected in earnings.

Impairment of Long-lived and Intangible Assets Acquired

We review our long-lived and intangible assets acquired for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated fair value is less than the carrying amount of the asset, we record an impairment loss. If a quoted market price is available for the asset or a similar asset, we use it to determine estimated fair value. We re-evaluate the remaining useful life of the asset and adjust the useful life accordingly. There were no impairment indicators identified.

Income Taxes

Income taxes are accounted for under an asset and a liability approach that requires recognition of deferred income tax assets and liabilities for the expected future consequences of events that have been recognized in the Company's financial statements and income tax returns. The Company provides a valuation allowance for deferred income tax assets when it is considered more likely than not that all or a portion of such deferred income tax assets will not be realized.

Net Income (Loss) Per Share

We calculate basic net income (loss) per share based on the weighted average number of common shares outstanding during the period without giving any effect to potentially dilutive securities. Net income (loss) per share, assuming dilution, is calculated giving effect to all potentially dilutive securities outstanding during the period.

Share-Based Compensation

The Company accounts for its share-based compensation in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 718 "Compensation Stock Compensation." Accordingly, the Company recognizes compensation expense equal to the fair value of vested stock awards at the time of the grant as the awards generally do not require a service period.

Our accounting for share-based compensation has resulted in our recognizing non-cash compensation expense related to stock options granted to employees, which is included in personnel and other direct expenses related to revenues, and stock options granted to our directors, which is included in general and administrative expenses.

Supplemental Cash Flow Information

Non-cash investing and financing activities are excluded from the Consolidated Statements of Cash Flows. In 2010, the company issued 86,933 registered shares of common stock valued at $212,116 to Fusion Capital II, LLC as the initial commitment shares per our 2009 equity financing agreement.

During fiscal 2010, the Company issued 2,075,000 shares of common stock to Crisnic Fund, S.A. Of this, the Company received $1,117,747 for 1,202,769 shares of stock subsequent to year-end. This was reflected as a receivable in our consolidated financial statements at July 31, 2010. The remaining 627,133 shares were valued at $0.90 per share and are reflected as a reduction of equity in our consolidated financial statements at July 31, 2010. During fiscal 2010 we amortized $301,288 of deferred financing costs related to this equity financing agreement against Capital in Excess of Par Value. In 2009, the Company issued 63,280 registered shares of common stock valued at $123,397 to Fusion Capital II, LLC as initial commitment shares per our 2008 equity financing agreement. During fiscal 2009 we amortized $262,176 of deferred financing costs related to this equity financing agreement against Capital in Excess of Par Value. Non-cash financing activities included $29,947, and $52,451, in 2010 and 2009 respectively, of stock issued pursuant to our 401(k) plan and a directors' stock plan.

Fiscal Year

Our fiscal year ends July 31, and our first, second, third and fourth quarters end October 31, January 31, April 30 and July 31, respectively. Fiscal year 2010 is the year ended July 31, 2010.

Recent Accounting Pronouncements

Fair Value. In 2006, the Financial Accounting Standards Board (FASB) issued a new accounting standard which defined fair value, established a market based framework or hierarchy for measuring fair value and expanded disclosures about fair value measurements. We partially adopted this standard in fiscal 2009 and duly adopted it in the first quarter of fiscal 2010. This standard is applicable whenever another accounting standard requires or permits assets and liabilities to be measured at fair value and did not expand or require any new fair value measures. The adoption of this standard did not have a material effect on our financial condition or results of operations.

Transfers of Financial Assets. In June 2009, the FASB issued a new accounting standard that eliminates the exceptions for qualifying special-purpose entities from consolidation guidance and the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrendered control over the transferred financial assets. This standard is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. The Company is currently evaluating the impact this standard will have on the financial statements.

Variable Interest Entities. In June 2009, the FASB issued a new accounting standard that requires an enterprise to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (1) the power to direct the activities of the variable interest entity that most significantly impact the entities economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity s economic performance. This standard is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. The Company is currently evaluating the impact the adoption this standard will have on the financial statements.

Revenue Recognition. In October 2009, the FASB issued an accounting standards update amending revenue recognition requirements for multiple-deliverable revenue arrangements. This update provides guidance on separating the deliverables and on the method to measure and allocate arrangement consideration, particularly when the arrangement includes both products and services provided to the customers. The update is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company is currently evaluating the impact this standards update will have on the financial statements.

Fair Value Disclosures. In January of 2010, the FASB issued an accounting standards update that requires new disclosures for transfers in and out of Levels 1 and 2 fair value measurements, and roll forward of activity in Level 3 fair value measurements. The new disclosures are effective for reporting periods beginning after December 15, 2009, except for the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. The Company is currently evaluating the impact this standards update will have on the financial statements.

No other new accounting pronouncements issued or effective during the fiscal year has had or is expected to have a material impact on the consolidated financial statements.

3.

INCOME TAXES

In current and prior years, we generated significant federal and state income and alternative minimum tax losses, and these net operating losses ("NOLs") were carried forward for income tax purposes to be used against future taxable income.

A reconciliation of our effective income tax rate compared to the U.S. federal statutory rate is as follows:

	Year ended July 31,	
	2010	2009
Provision (benefit) at U.S. federal statutory rate	**(34.0)%**	(34.0)%
State provision (benefit), net of U.S. federal tax	**(4.8)**	(5.3)
Permanent differences	**0.9**	0.8
Expiration of capital loss carryforwards	**-**	6.8
Other items	**(10.9)**	0.4
Deferred tax valuation allowance	**48.8**	31.3
Effective income tax rate	**0.0%**	0.0%

Net deferred tax assets consist of the following:

	July 31, 2010	July 31, 2009
Net federal and state operating loss carryforwards	**$ 11,263,270**	$ 10,292,301
Net capital loss carryforwards	**116,307**	120,002
Impairment of investments	**530,970**	550,506
Other, net	**476,753**	432,835
Deferred tax assets	**12,387,300**	11,395,644
Valuation allowance	**(12,387,300)**	(11,395,644)
Net deferred tax assets	**$ -**	$ -

At July 31, 2010, we had aggregate federal net operating loss carryforwards of approximately $28,786,000, which expire at various times through 2030. A majority of our federal NOLs can be used to reduce taxable income used in calculating our alternative minimum tax liability. We also have state net operating loss carryforwards of approximately $26,065,000 that expire through fiscal year 2030.

Approximately $4,053,000 of our NOL carryforward remaining at July 31, 2010 was derived from income tax deductions related to the exercise of stock options. The tax effect of these deductions will be credited against capital in excess of par value at the time they are utilized for book purposes, and not credited to income. We will never receive a benefit for these NOLs in our statement of operations.

Changes in the valuation allowance were as follows:

	Year ended July 31,	
	2010	2009
Balance, beginning of year	**$ 11,395,644**	$ 10,308,114
Change in temporary differences	**24,382**	(107,871)
Change in net operating and capital losses	**967,274**	1,195,401
Balance, end of year	**$ 12,387,300**	$ 11,395,644

Our ability to derive future tax benefits from the net deferred tax assets is uncertain and therefore we continue to provide a full valuation allowance against the assets, reducing the carrying value to zero. We will reverse the valuation allowance if future financial results are sufficient to support a carrying value for the deferred tax assets.

At July 31, 2010 and July 31, 2009, we had no uncertain tax positions.

We include interest and penalties on the underpayment of income taxes in income tax expense.

We file income tax returns in the United States and Connecticut. The Internal Revenue Service has completed audits for the periods through the fiscal year ended July 31, 2005. Our open tax years for review are fiscal years ending July 31, 2007 through 2009. The Company's returns filed with Connecticut are subject to audit as determined by the statute of limitations.

4.

NET INCOME (LOSS) PER COMMON SHARE

The following sets forth the denominator used in the calculations of basic net income (loss) per share and net income (loss) per share assuming dilution:

	Year ended July 31,	
	2010	**2009**
Denominator for basic net income (loss) per share, weighted average shares outstanding	**10,832,043**	**8,740,419**
Dilutive effect of common stock options	**N/A**	**N/A**
Denominator for net income (loss) per share, assuming dilution	**10,832,043**	**8,740,419**

Options to purchase 709,000 and 770,750 shares of our common stock at July 31, 2010, and 2009, respectively, were outstanding but were not included in the computation of net income (loss) per share because they were anti-dilutive. Due to the net loss incurred for the years ended July 31, 2010, and

2009, the denominator used in the calculation of basic net loss per share was the same as that used for net loss per share, assuming dilution, since the effect of any options would have been anti-dilutive.

5.

EQUITY FINANCING

On July 22, 2008, we entered into an agreement with Fusion Capital Fund II, LLC ("Fusion Capital") to sell up to $5.0 million of our common stock to Fusion Capital over a 24-month period (the "2008 Agreement"). We had the right to determine the timing and the amount of stock sold, if any, to Fusion Capital.

Under the terms of the 2008 Agreement, we issued 63,280 registered shares of our common stock to Fusion Capital for its initial commitment (the "Initial Commitment Shares"), and agreed to issue 42,187 Additional Commitment Shares (the "Additional Commitment Shares") to Fusion Capital on a pro-rata basis as we sold the $5.0 million of stock (collectively, the "Commitment Shares"). Commencement of sales of common stock under the 2008 Agreement was contingent upon certain conditions, principally the Securities and Exchange Commission ("SEC") declaring effective our registration statement filed with the SEC to register 1,605,467 shares of common stock potentially to be issued under the 2008 Agreement. On September 26, 2008, the SEC declared our registration statement effective.

Subject to our right to suspend sales of our common stock at any time and to terminate the 2008 Agreement at any time, Fusion Capital was obligated to purchase up to $50,000 of our common stock each three business days (the "Base Purchase Amount"). No sales were to be made below a $1.00 per share floor price. The sale price per share was to be the lower of the lowest sales price on the sale date or an average of the three lowest closing prices during the 12 consecutive trading days prior to the sale date.

Fusion Capital could not purchase shares of our common stock under the 2008 Agreement if Fusion Capital would beneficially own in excess of 19.99% of our common stock outstanding at the time of purchase. Fusion Capital agreed not to sell the Commitment Shares for 24 months or termination of the 2008 Agreement, which occurred on August 5, 2009.

Through July 31, 2009, we sold 1,500,000 shares, and issued 16,783 Commitment Shares, of our common stock to Fusion Capital. The proceeds of $1,988,659 were used to fund general working capital needs.

We have incurred cash costs relating to the completion of the 2008 Agreement, including professional fees, listing fees and due diligence costs. We have capitalized all of the cash costs, aggregating $138,779, as deferred financing costs. We amortize these cash costs along with the Initial Commitment Shares, and charge them against capital in excess of par value on a pro-rata basis as we sell shares to Fusion Capital, based upon the ratio of the proceeds received compared to our estimate of the total proceeds to be received over the life of the 2008 Agreement. On August 5, 2009, we terminated the 2008 Agreement with Fusion Capital. As a result all remaining deferred financing fees at July 31, 2009, were charged against capital in excess of par value.

On August 6, 2009, we entered into another agreement with Fusion Capital to sell up to $8.0 million of our common stock to Fusion Capital over a 25-month period (the "2009 Agreement"). We have the right to determine the timing and the amount of stock sold, if any, to Fusion Capital.

Under the terms of the 2009 Agreement, we issued 86,933 registered shares of our common stock to Fusion Capital on October 2, 2009 for its initial commitment (the "Initial Commitment Shares"), and agree to issue 86,933 Additional Commitment Shares (the "Additional Commitment Shares") to Fusion Capital on a pro-rata basis as we sell the $8.0 million of stock (collectively, the "Commitment Shares"). Commencement of sales of common stock under the 2009 Agreement is contingent upon certain conditions, principally the Securities and Exchange Commission ("SEC") declaring effective our registration statement filed with the SEC to register 1,962,823 shares of common stock potentially to be issued under the 2009 Agreement. On October 1, 2009 the SEC declared our registration statement effective.

Subject to our right to suspend sales of our common stock at any time and to terminate the 2009 Agreement at any time, Fusion Capital was obligated to purchase up to $75,000 of our common stock each two business days (the "Base Purchase Amount"). No sales will be made below a $1.00 per share floor price. The sale price per share will be the lower of the lowest sales price on the sale date or an average of the three lowest closing prices during the 12 consecutive trading days prior to the sale date.

Through July 31, 2010, we sold 1,788,957 shares, and issued 37,394 Commitment Shares, of our common stock to Fusion Capital. The proceeds of $3,441,479 were used to fund general working capital needs.

We have incurred cash costs relating to the completion of the 2009 Agreement, including professional fees, listing fees and due diligence costs. We have capitalized all of the cash costs, aggregating $89,172, as deferred financing costs. We amortize these cash costs along with the Initial Commitment Shares, and charge them against capital in excess of par value on a pro-rata basis as we sell shares to Fusion Capital, based upon the ratio of the shares sold compared to the total number of shares available to be sold over the life of the 2008 Agreement. As of July 1, 2010 all available shares had been sold to Fusion, therefore, all deferred financing fees have been charged against capital in excess of par value.

On June 2, 2010, we entered into an agreement with Crisnic Fund, S.A. to sell up to two million share of our common stock to Crisnic at a 15% discount from the volume weighted average price on the date the SEC declared our registration statement effective. As part of the agreement, Crisnic was entitled to $10,000 cash and 75,000 shares of our common stock as a fee.

The SEC declared our registration statement effective on July 14, 2010. The volume weighted average price on that day was $2.40 per share and the 15% discount priced the shares at $2.04 per share. During this same period, June and July 2010, the Company also received notification of its pending delisting from the NYSE Amex (see below). Although the Company believed completing the Crisnic Agreement would enable it to comply with the NYSE Amex's continued listing standards, market conditions existing at the time, primarily the threat of the Company being delisted from the NYSE Amex, led to a significant increase in short sales and a rapid decrease in the stock price.

Following the closing date for the sale, the stock price went down rapidly, to the point where Crisnic was unable to complete the funding for the transaction. Because the stock was trading below the discounted price of $2.04, portions of the shares could not be sold to third parties at the agreed-upon price, as had been planned by Crisnic. Shares were sold in several traunches, initially at the agreed upon price per share of $2.04, and as market conditions worsened, at lower prices which would still enable the Company to receive the necessary financing. No shares were sold below $0.90.

The Company ultimately received approximately $1.6 million for the sale of 1,447,867 shares of common stock (including the 75,000 shares given to Crisnic as a fee). The remaining 627,133 shares of stock remain outstanding and are reflected as a receivable reducing equity in our financial statements.

These shares were valued at $0.90. Due to current market conditions, we have suspended our plans to sell these shares.

We also incurred cash costs relating to the Crisnic agreement, including legal and auditing fees, exchange listing fees, and due diligence costs totaling $140,112. These costs have been charged against capital in excess of par value.

On December 2, 2008, we received notice from the NYSE Amex, then known as NYSE Alternext US LLC (the "Exchange"), notifying us that the staff of the Exchange Corporate Compliance Department had determined that the Company Form 10-K for the fiscal year ended July 31, 2008 did not meet continued listing standards as set forth in Part 10 of the Exchange Company Guide, and the Company has therefore become subject to the procedures and requirements of Section 1009 of the Exchange Company Guide. As noted in Section 1003 of the Exchange Company Guide, companies with stockholders' equity of less than $2 million, and losses from continuing operations and net losses in two out of its three most recent fiscal years, or with stockholders' equity of less than $4 million and losses from continuing operations and net losses in three out of its four most recent fiscal years are non-compliant. We were only non-compliant with the stockholders equity component.

On December 18, 2008, the company submitted a business plan to the Exchange detailing actions it will take to bring it into compliance with the above continued listing standards by June 2, 2010. On January 22, 2009, the Exchange accepted our business plan.

As required by the rules of the NYSE Amex, on June 4, 2010 the Exchange notified CTTC that the Exchange intended to file a delisting application with the Securities and Exchange Commission (SEC) to strike the listing of CTTC s securities from the Exchange pursuant to Section 1009(d) of the NYSE Amex Company Guide. CTTC filed an appeal of the delisting determination and requested an oral hearing before a Listing Qualifications Panel of the Exchange (the Panel). CTTC s request for an oral hearing stayed the scheduled delisting of the Company s securities pending the Panel s determination.

On August 25, 2010 the Company had its oral hearing before the Panel. On August 30, the Company announced that the Panel had affirmed the Exchange Staff s determination to delist the Company s securities. On September 3, 2010, the Company s securities began trading on the OTCQB marketplace under the ticker symbol CTTC. On October 5, 2010, the Company s securities began trading on the OTC market's top tier, the OTCQX.

6.

RECEIVABLES

Receivables consist of the following:

	July 31, 2010	July 31, 2009

Accounts Receivable	**$ 1,339,488**	$ -
Royalties, net of reserve of $101,154 at July 31, 2010 and 2009	**1,045,681**	88,023
Advance to GEO MC Co. Ltd.	**-**	107,989
Due from Crisnic Fund S.A.	**1,117,747**	-
Other	**33,656**	3,607
Total	**$ 3,536,572**	$ 199,619

The amount indicated as Due from Crisnic Fund S.A. represents funds to be received from the equity sale (see **Note 5**) we entered into on June 2, 2010. These funds were received in their entirety by September 17, 2010.

GEOMC Co. Ltd., as a commercialization partner, has invested in a production line for the pain therapy medical device, and builds inventory for the Company. The Company received repayment of the advance as these machines were shipped to our distributors and other customers during fiscal 2010.

7.

PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	July 31, 2010	July 31, 2009
Equipment and furnishings	**$ 434,383**	$ 419,802
Leasehold improvements	**113,838**	113,838
Property and equipment, gross	**548,221**	533,640
Accumulated depreciation and amortization	**(384,303)**	(330,628)
Property and equipment, net	**$ 163,918**	$ 203,012

Depreciation expense was $55,009 and $61,341, in 2010 and 2009, respectively.

8.

AVAILABLE-FOR-SALE AND EQUITY SECURITIES

	July 31, 2010	July 31, 2009	Number of shares	Type
Security Innovation, Inc.	**--**	--	223,317	Common stock
Xion Pharmaceutical Corporation	**--**	--	60	Common stock

In prior years, we acquired 3,129,509 shares of NTRU Cryptosystems, Inc. ("NTRU") common stock, and certain preferred stock that later was redeemed, in exchange for cash and a reduction in our future royalty rate on sales of NTRU's products. NTRU was a privately held company that sold encryption software for security purposes, principally in wireless markets. There was no public market for NTRU shares. In 2003, we wrote down the value of NTRU to $0, but we continued to own the shares. On July 22, 2009, all NTRU assets were acquired by Security Innovation, an independent provider of secure software located in Wilmington, MA. We received 223,317 shares of stock in the privately held Security Innovation for our shares of NTRU.

In September 2009 we announced the formation of a joint venture with Xion Corporation for the commercialization of our patented melanocortin analogues for treating sexual dysfunction and obesity. We received 60 shares of privately held Xion Pharmaceutical Corporation common stock in June 2010. CTTC currently owns 33% of the outstanding stock of Xion Pharmaceutical Corporation.

9.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other assets consist of the following:

	July 31, 2009	July 31, 2009
Prepaid insurance	**$ 25,283**	$ 125,198
Prepaid investor relations service	**20,000**	20,000
Prepaid employee benefits	**-**	18,158
Other	**23,797**	43,433
Prepaid expenses and other current assets	**$ 69,080**	$ 206,789

10.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	July 31, 2010	July 31, 2009
Royalties payable	**$ 362,435**	$ 54,093
Deferred executive payroll	**152,808**	126,538
Accrued 401(k) contribution	**50,000**	50,000
Accrued directors stock compensation	**12,308**	30,000
Accrued audit fee	**77,748**	100,000
Accrued legal fees	**22,769**	197,214
Accrued Directors Fees	**3,833**	59,833
Due to GEOMC	**289,981**	-
Accrued license fees	**40,000**	-
Accrued commissions	**80,000**	-
Recruiting Fees	**35,000**	-
Unclaimed property liability	**24,981**	25,431
Other	**77,015**	39,253
Accrued expenses and other liabilities	**$ 1,228,878**	$ 682,362

11.

SHAREHOLDERS' INTEREST AND STOCK-BASED COMPENSATION PLANS

Preferred Stock Holders of preferred stock are entitled to receive, if, as, and when declared by the Board of Directors, out of funds legally available therefore, preferential non-cumulative dividends at the rate of $1.25 per share per annum, payable quarterly, before any dividends may be declared or paid upon or other distribution made in respect of any share of common stock. Preferred stock is redeemable, in whole at any time or in part from time to time, on 30 days' notice, at the option of the Company, at a redemption price of $25. In the event of voluntary or involuntary liquidation, the holders of preferred stock are entitled to $25 per share in cash before any distribution of assets can be made to holders of common stock.

Each share of preferred stock is entitled to one vote. Holders of preferred stock have no preemptive or conversion rights. The preferred stock is not registered to be publicly traded.

Employee Stock Option Plans Pursuant to our 1997 Employees' Stock Option Plan, as amended (the "1997 Option Plan"), we could grant to employees either incentive stock options or nonqualified stock options (as defined by the Internal Revenue Service). The stock options had to be granted at exercise prices not less than 100% of the fair market value of our common stock at the grant date. The maximum life of stock options granted under this plan is ten years from the grant date. The Compensation Committee or the Board of Directors determined vesting provisions when stock options were granted, and stock options granted generally vested over three or four years. No options could be granted under this plan after September 30, 2007.

The following information relates to the 1997 Option Plan:

	July 31, 2010	July 31, 2009
Common shares reserved for issuance on exercise of options	**530,000**	581,750
Shares available for future option grants	**-**	-

Prior to the 1997 Option Plan, we had a stock option plan that expired on December 31, 2000, after which no option could be granted under the plan. Pursuant to this plan incentive stock options and nonqualified stock options were granted to key employees. Incentive stock options could be granted at an exercise price not less than the fair market value of our common stock on the grant date. Nonqualified stock options could be granted at an exercise price not less than 85% of the fair market value of our common stock on the grant date. Options generally vested over a period of up to three years after the grant date and expire ten years after the grant date if not terminated earlier. The number of common shares reserved for issuance on exercise of stock options as of July 31, 2010 and 2009 is 9,000, and 14,000, respectively.

2000 Director's Stock Option Plan We also have a Directors' Stock Option Plan (the "Directors' Option Plan"), under which we grant each non-employee director 10,000 fully vested, nonqualified common stock options when the director first is elected, and 10,000 common stock options on the first business day of January thereafter, as long as the individual is a director. All such stock options are granted at an option price not less than 100% of the fair market value of the common stock at the grant date. The maximum life of options granted under this plan is ten years from the grant date. No options may be granted after January 4, 2010.

The following information relates to the 2000 Directors' Stock Option Plan:

	July 31, 2010	July 31, 2009
Common shares reserved for issuance on exercise of options	**170,000**	175,000
Shares available for future option grants	**-**	132,000

On January 2, 2009 and 2010 we issued each Director 10,000 options as prescribed by the plan. As this plan expired in January 2010, no further option awards can be issued from this plan.

Summary of Common Stock Options The total fair value of shares vested in 2010 and 2009 was $171,978 and $244,118, respectively, of non-cash compensation expense. Of this amount, $127,223 and $211,768, respectively, was included in personnel and other direct expenses relating to revenues, from stock options granted to employees in current and prior years, and vesting during 2010 and 2009. Stock options granted during the year are outstanding only a portion of the year, with the compensation expense recognized for that portion of the year. As of July 31, 2010, there was approximately $36,144 of total unrecognized compensation cost related to outstanding non-vested stock options granted under the 1997 Option Plan. This cost is expected to be recognized over a weighted average period of 1.16 years. Included in the $171,978 of expense recognized in 2010 is $44,755 of noncash compensation expense, included in general and administrative expenses, from stock options granted to directors pursuant to the Directors Option Plan. Since these stock options are fully vested upon grant, the full fair value of the stock options is recorded as expense at the date of grant. In 2009, we recognized additional non-cash expense of $32,350 included in general and administrative expenses.

We estimated the fair value of each option on the grant date using a Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended July 31,	
	2010	2009
Dividend yield (1)	**0.0%**	0.0%
Expected volatility (2)	**75.0%**	79.0%
Risk-free interest rates (3)	**2.7%**	1.7%
Expected lives (2)	**5 years**	5 years

(1)

We have not paid cash dividends on our common stock since 1981, and currently do not have plans to pay or declare cash dividends. Consequently, we used an expected dividend rate of zero for the valuations.

(2)

Estimated based on our historical experience. Volatility was based on historical experience over a period equivalent to the expected life in years.

(3)

Based on the U.S. Treasury constant maturity interest rate with a term consistent with the expected life of the options granted.

A summary of the status of all our common stock options as of July 31, 2010 and 2009, and changes during the years then ended is presented below.

	2010			2009		
	Shares	**Weighted Average Exercise Price**	**Aggregate Intrinsic Values**	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Values
Outstanding at beginning of year	**770,750**	**$ 2.91**	**$ 102,933**	806,325	$ 2.96	**$ 280,190**
Granted	**40,000**	**1.87**		50,000	1.01	
Forfeited	**(98,750)**	**5.76**		(64,325)	2.55	
Exercised	**-**	**-**		(20,000)	1.26	
Expired or terminated	**(3,000)**	**5.56**		(1,250)	4.22	
Outstanding at end of year	**709,000**	**$ 2.44**	**$ 78,920**	770,750	$ 2.91	**$ 102,933**
Exercisable at end of year	**669,000**	**$ 2.45**	**$ 78,920**	603,250	$ 3.05	**$ 95,508**
Weighted average fair value per share of options issued during the year		**$ 1.12**			$ 0.65	

The total intrinsic value of stock options exercised during 2009 was $23,650. There were no stock option exercises in fiscal 2010. Total proceeds from stock option exercises were $25,107 in 2009. Generally, we issue new shares of common stock to satisfy stock option exercises.

The following table summarizes information about all common stock options outstanding at July 31, 2010.

	Outstanding Shares			Exercisable Shares		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$1.01 - $ 2.50	233,000	7.63	$ 1.84	193,000	7.77	$ 1.76
$2.51 - $ 3.50	440,000	6.56	$ 2.53	440,000	6.56	$ 2.53
$3.51 - $ 6.50	27,000	3.69	$ 4.53	27,000	3.69	$ 4.53
$6.51 - $11.04	9,000	0.36	$ 7.50	9,000	0.36	$ 7.50

A summary of the status of the Company's non-vested shares as of July 31, 2010 and changes during the year ended July 31, 2010 is presented below:

Non Vested Shares	Shares	Weighted Average Grant Date Fair Value
Non vested at July 31, 2009	167,500	$ 1.57
Granted	40,000	1.12
Vested	(162,500)	1.49
Forfeited and expired	(5,000)	1.43
Non vested at July 31, 2010	40,000	$ 1.46

1996 Directors' Stock Participation Plan Pursuant to the terms of our 1996 Directors' Stock Participation Plan, on the first business day of January of each year, we issue to each non-employee director who has served at least one year as a director, the lesser of 2,500 shares of our common stock or a number of shares of common stock equal to $15,000 on the date such shares are issued. If an otherwise eligible director terminates as a director before the first business day of the year, we issue such director a number of shares equal to the portion of the year served by that director. This plan expires on January 3, 2011.

We issued 10,000 and 12,500 shares of common stock to eligible directors in 2010 and 2009, respectively, and charged to expense $18,650 and $12,563, in 2010 and 2009 respectively, for the shares issued under this plan. The following information relates to the 1996 Directors' Stock Participation Plan:

	July 31, 2010	July 31, 2009
Common shares reserved for future share issuances	**26,659**	36,659

There was no significant impact on the calculation of net loss per share for the years ended July 31, 2010 and 2009, as a result of the issuance of shares to our directors.

During the second quarter of fiscal 2010, the Company granted to its non-employee directors as their annual award, options to purchase an aggregate of 40,000 shares of common stock under the Directors Stock Option Plan at a weighted average exercise price of $1.87 per share that vested immediately. The fair value of the options granted for the second quarter of fiscal 2010 was $44,755. The amount was recorded as non-cash compensation expense during the respective period.

During the second quarter of fiscal 2009, the Company granted to its non-employee directors as their annual award, options to purchase an aggregate of 50,000 shares of common stock under the Directors' Stock Option Plan at a weighted average exercise price of $1.01 per share that vested immediately. The fair value of the options granted for the second quarter fiscal 2009 was $32,350. This amount was recorded as non-cash compensation expense during the respective period.

12.

401(k) PLAN

We have an employee-defined contribution plan qualified under section 401(k) of the Internal Revenue Code (the "Plan"), for all employees age 21 or over, and meeting certain service requirements. The Plan has been in effect since January 1, 1997. Participation in the Plan is voluntary. Employees may defer compensation up to a specific dollar amount determined by the Internal Revenue Service for each calendar year. We do not make matching contributions, and employees are not allowed to invest in our stock under the Plan.

Our directors may authorize a discretionary contribution to the Plan, allocated according to the provisions of the Plan, and payable in shares of our common stock valued as of the date the shares are contributed. Our Directors ultimately approved a contribution to the plan of $50,000 for fiscal 2009. This contribution was made during the fourth quarter of fiscal 2010. On May 20, 2010, the Company contributed 33,783 shares of CTTC common stock to the 401(k) plan. The plan's forfeiture account funded 26,150 of these shares and the Company funded the remainder of 7,633 shares. These shares were valued at $1.48 per share, which was the closing price on February 16, 2010, the day the Board of Directors approved the contribution. For fiscal 2010, we have accrued $50,000 for our discretionary 401(k) contribution, subject to final approval by our directors.

13.

COMMITMENTS AND CONTINGENCIES

Operating Leases We have our offices in Fairfield, Connecticut under a lease of approximately 11,000 square feet of office space that began August 24, 2006, and will end August 31, 2013, with an option to renew for an additional five years.

At July 31, 2010, future minimum rental payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year, were:

Year ending July 31,	**Rental Payments**
	$
2011	521,112
2012	301,564
2013	305,010
2014	28,395
2015	132
	$
Total minimum payments required	1,156,213

Total rental expense for all operating leases was:

	Year ended July 31,	
	2010	2009
	$	$
Minimum rental payments	**307,338**	303,156
Less: Sublease rentals	**14,376**	13,577
Net rent expense	**$**	$

292,962	289,579

Employment Agreement On February 2, 2007, we entered into an employment agreement with John B. Nano, our former President and Chief Executive Officer. He was also appointed Chairman of the Board at no additional compensation. This agreement was to expire on February 2, 2011. Pursuant to the terms of the agreement, Mr. Nano received a minimum base compensation of $350,000, subject to change upon approval of our Board of Directors, eligibility to participate in all employee benefit plans, and was eligible, in the event of a termination of his employment for other than cause, to receive the continuation of base compensation and benefits through the term of the agreement, but not less than twelve months. In the event of a change in control, as defined, he would have been eligible to receive a continuation of the amount of base compensation in effect immediately prior to such termination or resignation for a period equal to twice that for a termination without cause or for the remainder of the employment agreement term, whichever was longer. The agreement automatically renewed for one-year periods, unless notice was given 180 days in advance. Mr. Nano was also entitled to a car allowance or lease of a car equal to an S-class Mercedes. The 2007 agreement also called for the payment of $1 million to Mr. Nano and

$650,000 to his legal advisors in settlement of his 2006 lawsuit against the former management of the Company.

On September 3, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. (see below)

Contingencies Revenue based As of July 31, 2010, CTTC and VVI have obligations, contingent upon receipt of certain revenues, to repay up to $199,006 and $203,478, respectively, from grant funding received in 1994 and 1995. CTTC also is obligated to pay at the rate of 7.5% of its revenues, if any, from transferring rights to certain inventions supported by the grant funds. VVI is obligated to pay at rates of 1.5% of its net sales of supported products or 15% of its revenues from licensing supported products, if any. We recognize these obligations only if we receive revenues related to the grant funds. We recognized $1,705 and $2,135 related to these obligations in 2010 and 2009.

Contingencies Litigation

Carolina Liquid Chemistries Corporation, et al. (Case pending) On August 29, 2005, we filed a complaint against Carolina Liquid Chemistries Corporation ("Carolina Liquid") in the United States District Court for the District of Colorado, alleging patent infringement of our patent covering homocysteine assays, and seeking monetary damages, punitive damages, attorneys' fees, court costs and other remuneration at the option of the court. Carolina Liquid was served on September 1, 2005. As we became aware of other infringers, we amended our complaint to add as defendants Catch, Inc. ("Catch") and the Diazyme Laboratories Division of General Atomics ("Diazyme"). On September 6, 2006, Diazyme filed for declaratory judgment in the Southern District of California for a change in venue and a declaration of non-infringement and invalidity. On September 12, 2006, the District Court in Colorado ruled that both Catch and Diazyme be added as defendants to the Carolina Liquid case. On October 23, 2006, Diazyme requested the United States Patent and Trademark Office (the "USPTO") to re-evaluate the validity of our patent and this request was granted by the USPTO on December 14, 2006. On July 30, 2009, the homocysteine patent was upheld by the U.S. Patent and Trademark Office s Board of Patent Appeals and Interferences (BPAI). In September 2008, the patent had been denied by the examiner, but that denial was overruled by the BPAI. Further action in this case is pending as the BPAI decision has been appealed by the examiner prior to being returned to the U.S District Court for the District of Colorado. We filed information refuting the examiner s appeal and continue to await the BPAI appeal decision.

Ben Marcovitch and other co-defendants (Case completed) On August 8, 2007, we announced that former CTTC Director Ben Marcovitch had been removed for cause from our Board of Directors by unanimous vote of CTTC's five Directors for violating CTTC's Code of Conduct. At that time, CTTC also withdrew from its involvement with Agrofrut, E.U., a nutraceutical firm brought to CTTC by Mr. Marcovitch. As announced on April 10, 2007, CTTC had paid $750,000 to Agrofrut for a 5% ownership, and certain marketing and investment options in Agrofrut.

On August 31, 2007, we filed a Federal complaint in the U.S. District Court for the District of Connecticut against Mr. Marcovitch, Betty Rios Valencia, President and CEO of Agrofrut and former spouse of Mr. Marcovitch, John Derek Elwin, III, a former CTTC employee, and other defendants. The complaint claims that false and misleading information had been provided to CTTC in a conspiracy to fraudulently obtain funds from CTTC using the Agrofrut transaction. We have requested, among other relief, punitive damages and attorneys' fees. It is our opinion and that of our Board of Directors that this lawsuit is required to recover our $750,000 and to settle outstanding issues regarding the named parties.

On October 22, 2007, at a show cause hearing, the Court stated that all defendants named in the case, and their associates, were enjoined from any further use of any remaining part of the $750,000 received from CTTC. The Court ordered a full disclosure of all accounts where remaining funds are held, and a complete description of the disposition of any portion of the CTTC payment must be made to CTTC's counsel. On October 30, 2007, in amended complaint, CTTC sought injunctive relief and damages against Sheldon Strauss for conspiring with Mr. Marcovitch to unlawfully solicit proxies in violation of Securities Exchange Act of 1934.

At a December 7, 2007 hearing, the Court requested CTTC to specify an appropriate Prejudgment Remedy for the Court to consider. On December 20, 2007, a Prejudgment Remedy was issued granting garnishment of the $750,000 CTTC is seeking to recover.

On January 11, 2008, the Court denied the defendants' attempts at demonstrating that Connecticut was not the proper jurisdiction for these hearings.

On April 22, 2008, the Court ruled that the defendants must make arrangements for depositions to be completed by May 2, 2008, a date that was then extended by the Court. The Court granted permission for the defendants' depositions to be conducted via video conferencing when the defendants indicated their inability to travel to the Connecticut court. The depositions were conducted on June 2, 2008.

On June 23, 2008, the Court ruled that the defendants are compelled to respond to interrogatories and to produce any supplemental discovery documents by the deadline of July 7, 2008.

On August 15, 2008 CTTC filed a motion for Summary Judgment. A Memorandum in Opposition was filed by Marcovitch et al on September 15, 2008. CTTC responded to the Memorandum on September 24. The judge denied the Summary Judgment Motion on April 6, 2009. On June 1, 2009, the Judge granted permission to CTTC to enter a Motion for Default Judgment against Agrofrut and Sheldon Strauss. On June 4, 2009, the Judge granted permission for CTTC to enter a Motion for Default Judgment against Ben Marcovitch and Betty Rios Valencia. These Default motions were filed on June 15, 2009.

On September 8, 2009, the Judge ruled favorably on CTTC's motion for default judgment. The judgment entered against Marcovitch, Rios Valencia, Agrofrut and Strauss, jointly and severally, is for $750,000, as well as reasonable attorneys' fees and costs of $600,788. Additionally, judgments were entered against Marcovitch, Rios Valencia, and Agrofrut, jointly and severally, for $2.25 million, treble damages, and for $600,788, punitive damages. A judgment was also entered against Rios Valencia and Agrofrut, jointly and severally, for punitive damages of $750,000. The judge confirmed that Marcovitch was properly removed as a member of CTTC's Board of Directors and issued a permanent injunction prohibiting Marcovitch from holding himself out as a member of CTTC's Board. A judgment was entered against Strauss prohibiting Strauss from soliciting proxies in contravention of the SEC rules and regulations. Based on the Court's rulings, CTTC will now proceed to collect all funds possible from the parties.

Employment matters former employee (Cases pending) In September 2003, a former employee filed a whistleblower complaint with OSHA alleging that the employee had been terminated for engaging in conduct protected under the Sarbanes Oxley Act of 2002 (SOX). In February 2005, OSHA found probable cause to support the employee s complaint and ordered reinstatement and payment of damages. CTTC filed objections and requested a *de novo* hearing before an Administrative Law Judge ("ALJ"). Based on evidence submitted at the May 2005 hearing, in October 2005 the ALJ issued a written decision recommending dismissal of the employee s claim without relief. The employee then appealed the case to the Administrative Review Board ("ARB"). In March 2008, the ARB issued a decision and order of remand, holding that the ALJ erred in shifting the burden of proof to CTTC based on a mere inference of discrimination and remanding the case to the ALJ for clarification of the judge's analysis under the appropriate burden of proof. In January 2009, the ALJ ruled in favor of CTTC on the ARB remand. The employee has now appealed the January 2009 ALJ ruling to the ARB and we await the ARB s decision. The employee had previously requested reconsideration of the ARB order of remand based on the Board's failure to address the employee's appeal issues; that request was denied by the ARB in October 2008.

In August 2007, the same former employee filed a new SOX whistleblower complaint with OSHA alleging that in April 2007 CTTC and its former general counsel retaliated against the employee for past-protected conduct by refusing to consider the employee's new employer when awarding a consulting contract. In March 2008, OSHA dismissed the employee s complaint citing the lack of probable cause. The employee filed objections and requested *de novo* review by an ALJ. In August 2008, the employee gave notice of intent to terminate proceedings before the ALJ and remove the case to federal district court. In October 2008, the former employee moved to voluntarily dismiss with prejudice the case before the ALJ. We anticipate no further action on this matter.

On September 5, 2008, CTTC filed a complaint in the U.S. District Court for the District of Connecticut against the former employee seeking a declaration that CTTC did not violate SOX as alleged in the employee's 2007 OSHA complaint, and to recover approximately $80,000 that CTTC paid to the employee in compliance with a court order that was subsequently vacated by the U.S. Court of Appeals for the Second Circuit. On July 1, 2009, the judge ruled in favor of the former employee s motion to dismiss. The court abstained from ruling on the question of unjust enrichment due to the unresolved questions before the Department of Labor Administrative Review Board.

On December 4, 2008, the former employee filed a complaint with the Department of Labor asking to have the Connecticut case dismissed. On June 1, 2009, the Department dismissed the former employees complaint, finding that "there is no reasonable cause to believe that the Respondent (CTTC) violated SOX". We anticipate no further action on this matter.

John B. Nano vs. Competitive Technologies, Inc On September 3, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. On September 13, 2010, the Board of Directors also removed John B. Nano as a Director of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. Details of these actions are outlined in Form 8-K filings with the Securities and Exchange Commission on September 13, 2010, and September 17, 2010. Mr. Nano was previously the Chairman of the Board of Directors, President and Chief Executive Officer of Competitive Technologies, Inc.

On September 23, 2010 the Company was served notice that John B. Nano, CTTC's former Chairman, President and CEO had filed a Notice of Application for Prejudgment Remedy/Claim and an Application for an Order Pendente Lite for breach of his employment contract with us. The applications were filed in the State of Connecticut Superior Court in Bridgeport, CT. At a hearing on October 4, 2010, initial conversations with the judge indicate that further conversations may occur prior to any requirement for CTTC to post bond. Mr. Nano is seeking $750,000 that he claims was owed under his contract had he been terminated without cause. Mr. Nano's employment contract with the Company had called for arbitration, which has been requested to resolve this conflict.

Federal Insurance Co. (Case completed) On April 2, 2008, CTTC filed a complaint in the U.S. District Court for the District of Connecticut against Federal Insurance, seeking the coverage to which it is entitled under its policy with Federal. CTTC asserts that Federal is obligated to insure CTTC for its legal fees and $750,000 loss associated with the case involving Ben Marcovitch and other co-defendants.

In September 2008, we received $400,000 against a claim under our fraud insurance policy in full settlement of this matter with Federal.

Consultants We engage independent consultants who provide us with business development and evaluation services under contracts that are cancelable upon written notice. Certain of these contracts include contingencies for potential payments to the consultant if we earn revenues as a result of the efforts of the consultant. For the year ended July 31, 2009, we neither accrued nor paid incentive compensation under such contracts. For fiscal 2010, we recorded $126,000 in expense under such contracts.

Summary We may be a party to other legal actions and proceedings from time to time. We are unable to estimate legal expenses or losses we may incur, if any, or possible damages we may recover, and we have not recorded any potential judgment losses or proceeds in our financial statements to date. We record expenses in connection with these suits as incurred.

We believe that we carry adequate liability insurance, directors and officers insurance, casualty insurance, for owned or leased tangible assets, and other insurance as needed to cover us against potential and actual claims and lawsuits that occur in the ordinary course of our business. However, an unfavorable resolution of any or all matters, and/or our incurrence of significant legal fees and other costs to defend or prosecute any of these actions and proceedings may, depending on the amount and timing, have a material adverse effect on our consolidated financial position, results of operations or cash flows in a particular period.

14.

RELATED PARTY TRANSACTIONS

Our board of directors determined that when a director's services are outside the normal duties of a director, we compensate the director at the rate of $1,000 per day, plus expenses, which is the same amount we pay a director for attending a one-day Board meeting. We classify these amounts as consulting expenses, included in personnel and other direct expenses relating to revenues.

We incurred charges of $300, and $54,000 in 2010 and 2009, respectively, for consulting services provided by a relative of our President and CEO.

15.

SUBSEQUENT EVENTS

As mentioned in Note 6, on September 3, 2010, the Company s stock was delisted from the NYSE Amex and began trading on the OTCQB Marketplace under the ticker symbol CTTC. On October 5, 2010, the Company's stock began trading on the OTC market's top tier, the OTCQX.

On September 3, 2010 the Company announced that it had removed John B. Nano as Chairman, President, Chief Executive Officer, and Interim Chief Financial Officer for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct.

On September 3, 2010 the Board of Directors of Competitive Technologies, Inc. elected Johnnie Johnson as Chief Executive Officer and Chief Financial Officer of the Corporation and William Reali, a current director, as Chairman of the Board of Directors of the Company.

On September 13, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as a Director of the Company in all capacities for cause, consisting of violation of his fiduciary duties to the Company and violation of the Competitive Technologies, Inc. Corporate Code of Conduct, consisting of violations of his duty of undivided loyalty, conflicts of interest, improper utilization of company assets for personal benefit, inaccurate and incomplete communications with the Board of Directors and the public, withholding information from the Board of Directors and other matters.

16.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

Year Ended July 31, 2010	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	$ 144,127	$ 268,353	$ 530,977	$ 1,066,225
Operating loss (1)	(755,756)	(745,116)	(739,480)	(468,255)
Net loss	(755,726)	(745,098)	(739,465)	(468,245)
Net loss per share:				
Basic	(0.08)	(0.07)	(0.07)	(0.04)
Assuming dilution	(0.08)	(0.07)	(0.07)	(0.04)
Weighted average number of common shares outstanding				
Basic	9,885,432	10,526,100	11,056,632	11,867,328
Assuming dilution	9,885,432	10,526,100	11,056,632	11,867,328
Year Ended July 31, 2009				
Total revenues	$ 103,801	$ 28,746	$ 167,177	$ 48,516
Operating loss (1)	(973,456)	(934,005)	(757,336)	(822,373)
Net loss	(968,100)	(932,397)	(757,096)	(822,231)
Net loss per share:				
Basic	(0.12)	(0.11)	(0.09)	(0.09)
Assuming dilution	(0.12)	(0.11)	(0.09)	(0.09)
Weighted average number of common shares outstanding				
Basic	8,212,461	8,440,698	8,810,314	9,500,482
Assuming dilution	8,212,461	8,440,698	8,810,314	9,500,482

(1)

Operating (loss) is defined herein as revenues less expenses, excluding investment income, and income taxes.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Engagement of new independent accountant

N/A

Item 9A(T). Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Company s Chief Executive Officer (CEO), and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure.

Each fiscal quarter the Company carries out an evaluation, under the supervision and with the participation of the Company's management, including the Company s CEO, and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based on this evaluation, our management, with the participation of the CEO, and CFO, concluded that, as of July 31, 2010, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the quarter ended July 31, 2010, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). A system of internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO, and CFO, we conducted an assessment of the effectiveness of our internal control over financial reporting as of July 31, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control   Integrated

Framework. Based on this assessment, management concluded that our internal control over financial reporting was effective as of July 31, 2010.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Directors

All persons named below are directors of CTTC on the filing date of this document. No director or executive officer is related by family to any other director or executive officer. The following table sets forth information regarding each director according to information furnished to us by each:

Name	Age	Positions currently held with CTTC	Committee memberships	Director of CTTC since
Joel M. Evans, M.D.	49	Director	A, N	February 2007
Richard D. Hornidge, Jr.	63	Director	A, C*	February 2007
Rustin Howard.	52	Director	C, N*	October 2007
William L. Reali	67	Chairman of the Board of Directors	A*, C, N	February 2007

A Audit Committee

C Compensation and Stock Option Committee

N Nominating and Corporate Governance Committee

* Committee Chair

Joel M. Evans, M.D. has been a director of the company since February 2007. Dr. Evans founded The Center for Women's Health in Stamford, Connecticut in June 1996 and since then has been its Director. From November 1996 to present, Dr. Evans has been a lecturer and senior faculty member of The Center for Mind Body Medicine in Washington, D.C. Dr. Evans has been featured in magazines as well as interviewed on television and radio shows across the country. Dr. Evans is an Assistant Clinical Professor at the Albert Einstein College of Medicine in New York City and helped create a clinical study at Columbia University Medical Center for use of the herb, black cohosh, in breast cancer. From November 2005 to present, Dr. Evans has been a member of the Scientific Advisory Board for Metagenics Incorporated, a nutritional supplement manufacturer.

Dr. Evans completed his undergraduate and medical studies at the Sophie Davis School of Biomedical Education of the City College of New York and the Mt. Sinai School of Medicine. He fulfilled his residency at the Albert Einstein College of Medicine.

Richard D. Hornidge, Jr. has been a director of the company since February 2007. Currently retired, Mr. Hornidge was an independent consultant for many years. From June 1984 through June 1989, Mr.

Hornidge was President of Travis Associates, an employment agency. Mr. Hornidge was a program coordinator for Raytheon from 1973 through 1984, where he was involved in the Patriot Missile test equipment program. Mr. Hornidge received a BA from Boston University after serving in the U.S. Navy.

Rustin Howard has been a director of the company since October 2007. Mr. Howard is principal of Whitesand Investments LLC, an angel investment organization. In 1990, he founded and served as CEO and Chairman of Phyton, Inc., a world leader in the use of proprietary plant cell fermentation technology, including the production of paclitaxel, the active ingredient of Bristol-Myers Squibb's multi-billion dollar anticancer drug, Taxol®. Phyton was sold to DFB Pharmaceuticals, Inc. in 2003. Additionally, Mr. Howard is the Chairman of DeepGulf, Inc., and a co-owner and officer of Silver Bullet Technology. DeepGulf builds underwater pipelines and associated facilities in deep and ultra-deep offshore oil and gas production fields. Silver Bullet Technology, where he has been primarily responsible for corporate and financial oversight as well as strategic planning, manufactures and sells software for the banking and payment processing industry. Previously, he served as president and CEO of BioWorks Inc., a biotechnology company he founded to develop, produce, and sell products that replace chemical pesticides.

Mr. Howard earned his MBA from Cornell University's Johnson Graduate School of Management, where he focused his studies on entrepreneurship, and managing innovation and technology.

William L. Reali has been a director of our company since February 2007, serving as the Chairman of the Board of Directors since September 2010. Mr. Reali is a Certified Public Accountant with the firm of Reali, Giampetro and Scott in Canfield, Ohio. The firm provides auditing and other related accounting and tax services to a diverse group of business clients. Over the past five years, Mr. Reali's primary responsibility with the firm has been business consulting, working with large and small national and multinational clients. He has worked with distressed companies, assisting them with cost reduction, turn-around programs and re-organization.

Serving as Chairman of various community associations, Mr. Reali donates a great deal of time to local organizations. Mr. Reali received his BA from Youngstown State University.

General Information   Board of Directors

Competitive Technologies Board of Directors is responsible for supervision of the overall affairs of the Company. To assist it in carrying out its duties, the Board has delegated certain authority to several committees. Following the Annual Meeting in 2010, the board consisted of five directors. In the interim between Annual Meetings, the Board has the authority under the by-laws to increase or decrease the size of the Board and to fill vacancies.

The Nominating and Corporate Governance Committee is responsible for leading the search for qualified individuals for election as directors to ensure the Board has the right mix of skills, expertise and background. The Board believes that the following attributes are key to ensuring the continued vitality of the Board and excellence in the execution of its duties: experience as a leader of a business, firm or institution, mature and practical judgment; the ability to comprehend and analyze complex matters; effective interpersonal and communication skills; and strong character and integrity. Each of the Company s directors has these attributes. In identifying potential director candidates, the Committee and the Board also focus on ensuring that the Board reflects a diversity of experiences, backgrounds, and individuals.

The Competitive Technologies Board is composed of a diverse group of leaders in their respective fields. Many of the current directors have experience in running small entrepreneurial organizations similar to Competitive Technologies.

The Committee and the Board believe that the above-mentioned attributes, along with the leadership skills and other experiences of its Board members described below, provide the Company with the perspectives and judgment necessary to guide the Company s strategies and monitor their execution.

Joel M. Evans, M.D.

The Company believes Dr. Evans medical expertise fits the business plan of the Company with the current technology being sold and targeted future products. Dr. Evans brings key medical knowledge and experience to the Company. In addition, he travels to and lectures in other countries. This occasionally requires him to miss meetings but also provides unique opportunities to expose our company and products to foreign physicians and medical associations.

Richard D. Hornidge, Jr. The Company believes Mr. Hornidge s knowledge of and experience in human resources enables him to provide the Company with needed advice and guidance in employment matters. As a long-time investor in the Company he brings a historical perspective that has proven invaluable.

Rustin Howard

The Company believes Mr. Howard s expertise in biotechnology and product development has enabled him to provide valuable guidance and advice to the Company. His experience in technology and high-growth business development has brought positive insight to the Company's strategic planning.

William L. Reali

The Company believes Mr. Reali s knowledge and expertise in management, strategic planning and accounting has allowed him to provide the Company with invaluable advice and guidance in corporate matters. Extensive experience with other businesses has proven helpful in the recent reorganization and restructuring the Company just underwent.

Executive Officers

The name of our executive officer, his age and background information is as follows:

Johnnie D. Johnson, 72, has served as our Chief Executive Officer and Chief Financial Officer since September 2010. Mr. Johnson brings over 30 years of experience to his role as Chief Executive Officer and Chief Financial Officer of Competitive Technologies. Mr. Johnson's experience in working with different companies, both privately and publicly owned, as well as his wealth of experience from managing his own business have proven valuable to the Company since he took charge in September 2010. A detatiled biographical sketch is available at Item 4A on page 17.

Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our directors and officers, and persons who own more than ten percent of the Common Stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). SEC regulations require reporting persons to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of the Forms 3, 4 and 5 and amendments thereto furnished to us by the persons required to make such filings during fiscal 2010 and our own records, we believe that all Section 16(a) filing requirements for our officers and directors were complied with on a timely basis.

Corporate Governance

CTTC's Corporate Governance Principles, Corporate Code of Conduct (covering all employees and directors), the Committee Charters for the Audit and Nominating Committees of the Board of Directors, the unofficial restated Certificate of Incorporation and the By-Laws are all available on our website at *www.competitivetech.net/investors/governance.html*.

Audit Committee

The function of the Audit Committee is to assist the Board in fulfilling its responsibility to the stockholders relating to our corporate accounting matters, financial reporting practices, and the quality and integrity of our financial reports. The Audit Committee's purpose is to assist the Board with overseeing:

--

the reliability and integrity of our financial statements, accounting policies, internal controls and disclosure practices;

--

our compliance with legal and regulatory requirements, including our disclosure controls and procedures;

--

our independent auditor's qualifications, engagement, compensation, and independence;

--

the performance of our independent auditor; and

--

the production of an annual report of the Audit Committee for inclusion in our annual proxy statement.

The Audit Committee is to be composed of not less than three of our independent directors. The Board has determined that each member of the Audit Committee is an independent director in accordance with the applicable rules of the Securities Exchange Act of 1934. It has also determined that each member is financially literate and has identified Mr. Reali, who is a certified public accountant, as an audit committee financial expert as defined by the Securities and Exchange Commission. The Audit Committee operates pursuant to its charter, which was adopted by the Board, a copy of which was filed as Appendix A to our 2004 Proxy Statement. The Audit Committee evaluates the adequacy of its charter annually.

Compensation and Stock Option Committee

The purpose of the Compensation Committee is to:

--

review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO s performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation;

--

review and approve the compensation of our other officers based on recommendations from the CEO;

--

review, approve and make recommendations to the Board with respect to incentive compensation plans or programs, or other equity-based plans or programs, including but not limited to our Annual Incentive Plan, our 1997 Employees' Stock Option Plan, and our 401(k) Plan; and

--

produce an annual report of the Compensation Committee on executive compensation for inclusion in our annual proxy statement.

The Compensation Committee is to be composed of not less than three of our independent directors. The Board has determined that each member of the Compensation Committee is (1) a non-employee director within the meaning of Rule 16-b3(i) under the Securities Exchange Act of 1934, and (2) an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986 (the "Internal Revenue Code").

The Board of Directors is reviewing all compensation plans to assure effectiveness and fiduciary responsibility.

Nominating and Corporate Governance Committee

The purpose of the Nominating Committee is to:

--

identify individuals qualified to become members of the Board, consistent with criteria approved by the Board;

--

recommend to the Board candidates for all directorships to be filled by the Board or our stockholders;

--

in consultation with the Chairman of the Board, recommend to the Board members of the Board to be appointed to committees of the Board and the chairpersons thereof, including filling any vacancies;

--

develop and recommend to the Board a set of corporate governance principles applicable to us;

--

oversee, evaluate and monitor the Board and its individual members, and our corporate governance principles and procedures; and

--

fulfill such other duties and responsibilities as may be set forth in its charter or assigned by the Board from time to time.

The Nominating Committee is to be composed of not less than three of our independent directors. The Board has determined that each member of the Nominating Committee is an independent director in accordance with the applicable rules of the Securities Exchange Act of 1934. The Nominating Committee operates pursuant to its charter, which was adopted by the Board, a copy of which was filed as Appendix B to our 2004 Proxy Statement.

The Nominating Committee will consider nominees recommended by stockholders but it has not identified any special procedures stockholders need to follow in submitting such recommendations. The Nominating Committee has not identified any such procedures because as discussed below under the heading "Stockholder Communications to the Board," stockholders are free to send communications in writing directly to the Board, committees of the Board, and/or individual directors, at our corporate address in care of our Secretary.

Meetings and Attendance

During the fiscal year ended July 31, 2010, the board of directors met 6 times. The audit committee held four meetings during the fiscal year ended July 31, 2010. The compensation committee held three meetings during the fiscal year ended July 31, 2010. The nominating and corporate governance committee held one meeting during fiscal year ended July 31, 2010. In 2010, all directors attended at least 75% of all meetings of the board of directors and the committees on which they served after becoming a member of the board or committee with the exception of Dr. Joel Evans, M.D. who attended only 50% of the Board meetings for fiscal 2010. We and the board expect all directors to attend the next Annual Meeting barring unforeseen circumstances or irresolvable conflicts.

Executive Sessions of Non-Management Directors

The non-management directors of our board meet in executive session, generally at regularly scheduled meetings of the board of directors or at other times as considered necessary or appropriate. A presiding director is chosen by the non-management directors to preside at each meeting and does not need to be the same director at each meeting.

Relationships Among Directors or Executive Officers

There are no family relationships among any of our directors or executive officers.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of our board of directors or compensation committee and any member of the board of directors or compensation committee of any other company, nor has such interlocking relationship existed in the past.

Item 11. Executive Compensation

Summary Compensation

The following table summarizes the total compensation awarded to, earned by or paid by us for services rendered by the named executive officers that served during the fiscal years 2010 and 2009.

Name and	**Option Awards**	**All Other Compensation**

Principal Position	Year	Salary	Bonus		Total
Current Executive Officers:					
John B. Nano [1]	2010	$350,000[8]	$ -	$$	$392,124
Chairman of the Board				42,124[2]	
	2009	350,000[6]	-	39,889[3]	389,889
of Directors, President and Chief Executive Officer, Interim Chief Financial Officer					
Aris D. Despo	2010	210,000[8]	-	$	218,493
Executive Vice President				8,493[4]	
Business Development	2009	209,999[7]	-	7,584[5]	217,583
John P. Rafferty	2010	115,000	-	$	120,625
Vice President and				5,625[4]	
Controller	2009	115,001	-	4,151[5]	119,152

(1)

Mr. Nano's salary does not include any additional compensation for serving as Chairman of the Board.

(2)

Includes $25,352 for payment of auto lease, $6,225 for auto repairs, and discretionary contribution of 7,126 shares of CTTC common stock (valued at $10,547) contributed to the Company s 401(k) plan.

(3)

Includes $30,461 for payment of auto lease, $1,161 for auto repairs, and discretionary contribution of 5,511 shares of CTTC common stock (valued at $8,267) contributed to the Company s 401(k) plan.

(4)

Represents discretionary contribution to 401(k) plan of 5,738 shares of CTTC common stock for Mr. Despo and 3,800 shares for Mr. Rafferty.

(5)

Represents discretionary contribution to the Company's 401(k) plan of 5,056 shares of CTTC common stock for Mr. Despo and 2,767 shares for Mr. Rafferty.

(6)

Beginning in January 2009, Mr. Nano began deferring one half his salary until the company is in a stronger cash flow position. This amount includes deferred wages of $94,231.

(7)

Beginning in January 2009, Mr. Despo began deferring a portion of his salary until the company is in a stronger cash flow position. This amount includes deferred wages of $32,308.

(8)

Includes deferred wages of $10,115 for Mr. Nano, and $16,153 for Mr. Despo.

Grants of Plan Based Awards

There were no grants of plan-based awards during fiscal 2010 or fiscal 2009.

Outstanding Equity Awards at Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options Exercisable[1]	Number of Securities Underlying Unexercised Options Unexercisable[1]	Option Price	Option Expiration Date
John B. Nano	400,000 [3]	-	$2.52	2/02/17
Aris D. Despo	15,000	15,000[2]	2.25	9/28/17
John P. Rafferty	7,500	7,500[2]	2.25	9/28/17

(1)

Option awards under our 1997 Employees Stock Option Plan.

(2)

Vesting schedule: 50% each on September 28, 2010, and 2011, respectively.

(3)

Since John B. Nano was terminated for cause on September 3, 2010, these options are no longer exercisable.

Option Exercises During Fiscal Year 2010

There were no options exercised during fiscal year 2010.

Employment, Severance and Change of Control Arrangements

On September 3, 2010, the Board of Directors of Competitive Technologies, Inc. removed John B. Nano as an Officer of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. On September 13, 2010, the Board of Directors also removed John B. Nano as a Director of the Corporation in all capacities for cause, consisting of violation of his fiduciary duties to the Corporation and violation of the Competitive Technologies, Inc. Corporate Code of Conduct. Details of these actions are outlined in Form 8-K filings with the Securities and Exchange Commission on September 13, 2010, and September 17, 2010. Mr. Nano was previously the Chairman of the Board of Directors, President and Chief Executive Officer of Competitive Technologies, Inc. As Mr. Nano was terminated for cause, the Company believes there are no further amounts due on the contract. On September 23, 2010 the Company was served notice that John B. Nano, our former Chairman, President and CEO had filed a Notice of Application for Prejudgment Remedy/Claim and an Application for an Order Pendente Lite for breach of his employment contract with us. The applications were filed in the State of Connecticut Superior Court in Bridgeport, CT.

Mr. Nano is seeking $750,000 that he claims was owed under his contract had he been terminated without cause.

John B. Nano signed an employment agreement with the Company in February 2, 2007. The agreement provided for employment for a period of three years from the effective date, ending at the close of business on February 2, 2010. The agreement states that the Company employed Mr. Nano as its President and Chief Executive Officer, and that he reports to the Company's Board of Directors. The agreement also states that Mr. Nano was appointed to the Board as its Chairman, without any additional compensation. The agreement established his starting annual base salary at $350,000, subject to reviews and increases at the sole discretion of the Board. The complete agreement, including all terms and definitions, can be found at *www.sec.gov* with the current report on Form 8-K dated February 6, 2007.

Mr. Nano's responsibilities and duties were appropriate to the position of Chief Executive Officer the Company, including, without limitation, developing and implementing an overall strategic plan and annual business plans, raising new capital, and supervising day-to-day operations. The agreement entitled Mr. Nano to receive a yearly bonus of up to 50% of his base compensation, based upon the Company's performance and his performance of objectives during that time period as determined by the Compensation Committee of the Board. Mr. Nano's agreement provided for reimbursement of business related expenses, a leased car, and participation in employee benefit programs and plans.

The company granted Mr. Nano ten year options ("Plan Options") for the purchase of an aggregate of 400,000 shares of the Company's common stock at the mean average of the high and low share price on the effective date of the agreement. The Plan Options vested 25% on each of the following four dates: immediately upon employment: on each successive one-year anniversary of the date of employment.

If Mr. Nano resigned his employment for good reason, or the Company terminated his employment without cause, he would have entitled to receive all accrued but unpaid salary and benefits through the date of termination plus severance benefits. In the event Mr. Nano resigned from the Company without good reason, or if the Company terminated his employment with cause, the Company would have had no liability to him except to pay his base compensation and any accrued benefits through his last day worked, and he would not have been entitled to receive severance or other benefits.

In the event of Mr. Nano's death, or if he was unable to fulfill his obligations to the Company due to illness, injury, physical or mental incapacity or other disability, for any 120 days within any 12 month period, all obligations under the agreement would have been terminated; except that: the Company would have paid his base compensation and accrued benefits to him or to his estate, and any unvested Plan Options granted under this agreement would have become fully vested and immediately exercisable for a period of one year by him or his estate. In the event of his death, any post-retirement benefits would have been paid to his estate. In the event of his disability, he would have been reimbursed for one-time premium post-retirement health coverage not to exceed $120,000.

If the Company terminated Mr. Nano's employment without cause in conjunction with a Change in Control, he would have been entitled to receive all accrued but unpaid salary and benefits through the date of termination plus the Change in Control benefit.

The agreement's severance benefit granted to Mr. Nano provided for no less than twelve months continuation of his base compensation, his employment benefits, vesting of Options granted, and reimbursement for post retirement health coverage.

The agreement's Changes in Control benefit granted to Mr. Nano provided for continuation of compensation in effect to be paid for a period of either twice the amount of the severance benefit period, or the remainder of his employment term, whichever was longer; continuation of his employment benefits and reimbursement for post-retirement health care benefits; and full and immediate vesting of any unvested but outstanding Options

Compensation Discussion and Analysis

The Annual Incentive Plan (approved and filed with the SEC in November 2005) is designed to attract and retain personnel of experience and ability by providing for a cash bonus as an incentive to those who contribute to the Company's successful operation. The incentive includes two parts: 50% is a Company Component and 50% Individual Component. The Company Component is based on the attainment of financial metrics that serve as company-wide goals are set at the beginning of the fiscal year (defined in the Plan as August 1 through July 31). The Individual Component of the Plan is based on the attainment of individual goals which are also set at the beginning of each fiscal year. Within the Individual Component the Business Development staff has a different bonus structure which is based on a fomula that is intended to evaluate the quantity and quality of new business brought to the Company by each individual or team of individuals. Inputs to the formula are developed by senior managers within the Company.

The Company's Compensation Committee administers the Plan. The Committee has 60 days after the end of each fiscal year to determine the bonuses to be awarded for that year. All amounts are recommended to the Compensation Committee by the CEO based on the Plan parameters. However the CEO may also recommend additional special awards. The Compensation Committee has the discretion to approve or amend any CEO recommendations and may also make awards not previously recommended by the CEO.

For the fiscal year ended July 31, 2010, the Company had a net loss of $2.7 million. Because the Company did not meet its financial goals for the fiscal year and because of other concerns (subsequent to the end of the fiscal year, Mr. Nano, the former Chairman, President and CEO, was terminated for cause), the Compensation Committee of the Board of Directors determined not to award cash bonuses to the executive officer or to any employees for the fiscal year ended July 31, 2010. Although there was available cash on July 31, 2010, the Board determined it more prudent to retain capital for operational purposes such as growing the sales of the Calmare pain therapy device.

REPORT OF THE COMPENSATION AND STOCK OPTION COMMITTEE

This report of the Compensation and Stock Option Committee (the "Committee") shall not be deemed incorporated by reference by any general statement incorporating the Proxy Statement by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Acts"), except to the extent that CTTC specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

CTTC s compensation program consists of base salary, bonus, stock options, other incentive awards and other benefits, which the Committee generally reviews annually. The Committee's overall philosophy is to align compensation with our business strategy and to support achievement of our long-term goals. In order to attract and retain competent executives, we believe it is essential to maintain an executive compensation program that provides overall compensation competitive with that paid to executives with comparable qualifications and experience.

The Board of Directors is reviewing all compensation plans to assure effectiveness and fiduciary responsibility.

Compensation and Stock Option Committee Report:

We have reviewed and discussed with management certain Executive Compensation and Compensation Discussion and Analysis provisions to be included in the Company s Annual Report on Form 10-K, filed pursuant to the Securities Exchange Act of 1934, as amended (the "Annual Report"). Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the Executive Compensation and Compensation Discussion and Analysis provisions referred to above be included in the Company's Annual Report.

Submitted by the Compensation and Stock Option Committee of the Board of Directors:

Richard D. Hornidge, Jr. (Chairman)

Rustin Howard

William L. Reali

This Compensation Committee Report is not deemed incorporated by reference by any general statement incorporating by reference of this Annual Report into any filing under the Securities Act of 1933, as Amended, or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under either such Acts.

Director Compensation

The following table summarizes the total compensation awarded to, earned by or paid by us for services rendered during fiscal year 2010 to the non-employee Board of Director members:

Name	**Fees Earned or**	**Option**	**Other Equity**	**Total**

	Paid in Cash[3]	**Awards** [1]	**Compensation** [2]	
Joel M. Evans, M.D.	$ 15,500	$ 11,189	$ 4,663	$ 31,352
Richard D. Hornidge, Jr.	19,000	11,189	4,663	34,852
Rustin Howard	18,000	11,189	4,663	33,852
William L. Reali	26,000	11,189	4,663	41,852

(1)

Each director serving on January 4, 2010 received a stock option for 10,000 shares of common stock at $1.87 per share under the 2000 Directors Stock Option Plan. We estimated the fair value of stock awards at $1.119 per share using the Black-Scholes option valuation model with expected life of 5 years, risk free interest rate of 2.65%, volatility of 75.01% and dividend yield of 0. See Item 14 in Notes to Consolidated Financial Statements in Part II, Item 8

(2)

Each director serving on January 4, 2010 received 2,500 shares of stock under the 1996 Directors Stock Participation Plan. The fair market value of the stock was $1.865 per share.

(3)

Includes unpaid fees of $833 for Dr. Evans, Mr. Hornidge and Mr. Howard, and $1,333 for Mr. Reali.

Outstanding Equity Awards at July 31, 2010

Name	Number of Securities Underlying Unexercised Options [1]	Option Exercise Price	Option Expiration Date
Joel M. Evans, M.D.	10,000$	2.58	8/2/17
	10,000	1.51	1/2/18
	10,000	1.005	1/2/19
	10,000	1.87	1/4/20
Richard D. Hornidge, Jr.	10,000	2.58	8/2/17
	10,000	1.51	1/2/18
	10,000	1.005	1/2/19
	10,000	1.87	1/4/20
Rustin Howard	10,000	2.29	10/5/17
	10,000	1.51	1/2/18
	10,000	1.005	1/2/19
	10,000	1.87	1/4/20
William L. Reali	10,000	2.58	8/2/17
	10,000	1.51	1/2/18
	10,000	1.005	1/2/19
	10,000	1.87	1/4/20

(1)

Each stock option was granted pursuant to our 2000 Directors' Stock Option Plan. The shares were vested immediately on issuance.

Each of our non-employee directors is paid an annual cash retainer of $10,000, paid quarterly in arrears, for their services to the Company. In addition, directors are issued shares of common stock pursuant to our 1996 Directors Stock Participation Plan, as amended, and are granted stock options to purchase common stock pursuant to our 2000 Directors Stock Option Plan, both as described below. In addition, effective in fiscal year 2005, the Chairman of the Board, if a non-employee, and the Chairman of the Audit Committee are paid annual stipends for the additional responsibilities and time commitments required of them. Mr. Nano, as an employee of the Company, has not been paid any compensation for serving as Chairman of the Board. Mr. Reali has served as Chairman of the Audit Committee since February 2, 2007, and received a $6,000 stipend in 2010.

Each non-employee director is also paid $1,000 for each Board meeting attended and $500 for each committee meeting attended. All directors are reimbursed for out-of-pocket expenses incurred to attend Board and committee meetings.

Pursuant to our 1996 Directors Stock Participation Plan, as amended, on the first business day of January, each non-employee director who has been elected by the stockholders and has served at least one full year as a director is issued a number of shares of common stock equal to the lesser of $15,000 divided by the per share fair market value of such stock on the issuance date, or 2,500 shares. If a non-employee director were to leave the Board after serving at least one full year, but prior to the January issuance date, we will issue shares of common stock to the director on a pro-rata basis up to the termination date. Common stock may not be issued to pursuant to this plan after January 3, 2011.

Pursuant to our 2000 Directors' Stock Option Plan, non-employee directors are granted 10,000 fully vested, non-qualified stock options to purchase our common stock on the date the individual is first elected as a director, whether by the stockholders or by the Board, and is granted 10,000 options on the first business day of January thereafter, provided the individual is still a director. The stock options granted are at an exercise price not less than 100% of the fair market value of the common stock at the grant date and have a term of ten years from date of grant. If an individual s directorship terminates because of death or permanent disability, the stock options may be exercised within one year after termination. If the termination is for any other reason, the stock options may be exercised within 180 days after termination. However, the Board has the discretion to amend previously granted stock options to provide that such stock options may continue to be exercisable for specified additional periods following termination. In no event may a stock option be exercised after the expiration of its ten-year term. Stock options may not be granted under this plan after the first business day of January 2010.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Beneficial Ownership of Shares:

Names of Beneficial Owners (and address, if ownership is more than 5%)	**Amount Beneficially Owned (1)**	**Percent (%)**
Directors and executive officers		
Joel M. Evans, M.D.	56,300(2)	*
Richard D. Hornidge, Jr.	127,635(2)	*
Rustin Howard	73,500(2)	*
John B. Nano	439,427(2)(3)	3.1
William L. Reali	57,500(2)	*
All directors and executive officers as a group	754,362	5.2

*

Less than 1%

(1)

Designated person or group has sole voting and investment power.

(2)

Persons listed below have the right to acquire the listed number of shares upon the exercise of stock options:

Name	**Right to Acquire**
Joel M. Evans, M.D.	40,000
Richard D. Hornidge, Jr.	40,000

Rustin Howard		40,000
John B. Nano	(3)	400,000
William L. Reali		40,000
All Directors and Executive Officers as a Group		560,000

(3)

Because John B. Nano was terminated for cause on September 3, 2010, the Company does not believe his stock options remain exercisable.

Equity Compensation Plan Information

Plan Category	**Number of Securities to be issued upon exercise of outstanding options**	**Weighted-average exercise price of outstanding options**	**Number of securities remaining available for future issuance (excluding options outstanding)**
Equity Compensation plans approved by security holders			
Key Employees Stock Option Plan [1]	9,000	$7.50	-
1997 Employees Stock Option Plan [2]	530,000	$2.57	-
2000 Directors Stock Option Plan [3]	170,000	1.77	-
1996 Directors Stock Participation Plan [4]	-		26,659

(1)

The Key Employees' Stock Option Plan expired on December 31, 2000, after which no option could be granted under the plan. Pursuant to this plan incentive stock options and nonqualified stock options were granted to key employees. Incentive stock options could be granted at an exercise price not less than the fair market value of our common stock on the grant date. Nonqualified stock options could be granted at an exercise price not less than 85% of the fair market value of our common stock on the grant date. Options generally vested over a period of up to three years after the grant date and expire ten years after the grant date if not terminated earlier. The number of common shares reserved for issuance on exercise of stock options as of July 31, 2010 and 2009 is 9,000 and 14,000 respectively.

(2)

The 1997 Employees' Stock Option Plan provided for the granting of stock options to purchase our common stock. Stock options granted under the Plan had to be granted at not less than 100% of the fair market value on the date of grant. The Compensation Committee determined the vesting period for the stock options. Stock options expired upon termination of grantee's employment or ten years after date of grant. At the option of the Compensation Committee, grants could continue to be exercisable through up to ten years after the grant date, irrespective of the termination of the optionee's employment with us. No options could be granted pursuant to this plan after September 30, 2007.

(3)

The 2000 Directors' Stock Option Plan provides for the granting of stock options to purchase our common stock. Stock options may be granted under this Plan to non-employee directors at not less than 100% of the fair market value on the date of grant. Each non-employee director is eligible to receive a grant of 10,000 fully vested common stock options when first elected as a director and 10,000 more common stock options on the first business day of January thereafter, as long as the individual is a director. The maximum life of options granted under this plan is ten years from the date of grant. No options could be granted pursuant to this plan after January 4, 2010.

(4)

The 1996 Directors' Stock Participation Plan calls for the issuance of stock to each non-employee who has served at least one year as a director on the first business day in January. They are entitled to receive the lesser of 2,500 shares of our common stock or a number of shares of common stock equal to $15,000 on the date such shares are issued. If an otherwise eligible director terminates as a director before the first business day of the year, we issue such director a number of shares equal to the portion of the year served by that director. This plan expires on January 3, 2011, the first business day in January 2011.

Item 13. Certain Relationships, Related Transactions and Director Independence

We have adopted a written policy for the review and approval of related party transactions which is defined as a sale or purchase of property, supplies or services to or from any director or officer of the company, members of a director's or officer's family, or entities in which any of these persons is a director, officer or owner of 5% or more that that entity's interests. Our policy requires prior approval by both a majority of our Board of Directors and a majority of our disinterested directors who are not employees of the company.

Our Board of Directors determined that when a director's services are outside the normal duties of a director, we compensate the director at the rate of $1,000 per day, plus expenses, which is the same amount we pay a director for attending a one-day Board meeting. We classify these amounts as consulting expenses, included in personnel and other direct expenses relating to revenues.

We incurred a charge of $300 and $54,000 in 2010 and 2009, respectively, for consulting services provided by a relative of our former President and CEO.

CTTC's Board of Directors is currently composed of four members (refer to Item 10, Part III). All Directors are considered to be independent directors as defined by the Securities Exchange Act of 1934.

Item 14. Principal Accounting Fees and Services

Independent Public Accountants

Mahoney Cohen & Company, CPA, P.C. ("Mahoney Cohen") are the independent registered public accountants for the company. Pursuant to an asset purchase agreement, our former independent public accounting firm, Mahoney Cohen & Company, CPA, P.C. was acquired by the New York practice of Mayer Hoffman McCann P.C ("MHM"), and the shareholders of Mahoney Cohen became shareholders of MHM. Following its acquisition of Mahoney Cohen, MHM changed its name to MHM Mahoney Cohen CPAs ("MHM Mahoney Cohen"), effective December 31, 2008. On June 8, 2010, MHM Mahoney Cohen changed their name to Mayer Hoffman McCann CPA   s(The New York Practice of Mayer Hoffman McCann P.C.).

Fees Billed by Principal Accountants   The following table presents fees for professional services billed by Mahoney Cohen and Mayer Hoffman McCann CPAs for the years ended July 31, 2010 and 2009:

	2010	**2009**	**2009**	**2009**
	Mayer Hoffman McCann	Mahoney Cohen	MHM Mahoney Cohen	Full Year Total
Audit fees	$ 114,445	$ 90,304	$ 30,000	$ 120,304
Tax fees	824	-	1,483	1,483
Audit related fees (1)	17,278	5,211	2,000	7,211

Total	$ 132,547	$ 95,515	$ 33,483	$ 128,998

(1)

Fees for S-1 and S-8 review.

Audit Committee Pre-Approval of Services of Principal Accountants

The Audit Committee has the sole authority and responsibility to select, evaluate, determine the compensation of, and, where appropriate, replace the independent auditor. After determining that providing the non-audit services is compatible with maintaining the auditor s independence, the Audit Committee pre-approves all audits and permitted non-audit services to be performed by the independent auditor, except for *de minimus* amounts. If it is not practical for the Audit Committee to meet to approve fees for permitted non-audit services, the Audit Committee has authorized its chairman, currently Mr. Reali, to approve them and to review such pre-approvals with the Audit Committee at its next meeting.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)

List of financial statements and schedules.

The following consolidated financial statements of Competitive Technologies, Inc. and Subsidiaries are included herein by reference to the pages listed in "Item 8. Financial Statements and Supplementary Data":

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of July 31, 2010, and 2009

Consolidated Statements of Operations for the years ended July 31, 2010, and 2009

Consolidated Statements of Changes in Shareholders Interest for the years ended July 31, 2010, and 2009

Consolidated Statements of Cash Flows for the years ended July 31, 2010, and 2009

Notes to Consolidated Financial Statements

(b)

List of exhibits: See Exhibit Index immediately preceding exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPETITIVE TECHNOLOGIES, INC.

(the registrant)

By /s/ Johnnie D. Johnson

Johnnie D. Johnson

Chief Executive Officer, Chief Financial Officer

(Principal Executive Officer, Principal Financial Officer,

and Principal Accounting Officer)

Date: September 15, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title		Date
		)	
/s/ Johnnie D. Johnson Johnnie D. Johnson	Chief Executive Officer, Chief Financial Officer (Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)	)))	September 15, 2011
		)	
		)	

/s/ Joel M. Evans, M.D.	Director	)	October 26, 2010
Joel M. Evans, M.D.		)	
		)	
/s/ Richard D. Hornidge, Jr.	Director	)	October 26, 2010
Richard D. Hornidge, Jr.		)	
		)	
/s/ Rustin Howard	Director	)	October 26, 2010
Rustin Howard		)	
		)	
/s/ William L. Reali	Chairman	)	October 26, 2010
William L. Reali		)	
		)	

EXHIBIT INDEX

Exhibit

No.

Description

3.1

Unofficial restated certificate of incorporation of the registrant as amended to date filed (on April 1, 1998) as Exhibit 4.1 to registrant s Registration Statement on Form S-8, File Number 333-49095 and hereby incorporated by reference.

3.2

By-laws of the registrant as amended effective October 14, 2005, filed (on December 12, 2005) as Exhibit 3.2 to registrant's Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2005, and hereby incorporated by reference.

10.1*

Registrant's Restated Key Employees' Stock Option Plan filed (on January 29, 2003) as Exhibit 4.3 to registrant s Registration Statement on Form S-8, File Number 33-87756, and hereby incorporated by reference.

10.2*

Registrant's Annual Incentive Plan filed (on November 25, 2005) as Exhibit 99.1 to registrant's Current Report on Form 8-K dated November 22, 2005, and hereby incorporated by reference.

10.3*

Registrant's 2000 Directors Stock Option Plan as amended January 24, 2003, filed (on January 29, 2003) as Exhibit 4.4 to registrant s Registration Statement on Form S-8, File Number 333-102798 and hereby incorporated by reference.

10.4*

Registrant's 1996 Directors' Stock Participation Plan as amended January 14, 2005, filed (on January 21, 2005) as Exhibit 10.2 to registrant s Current Report on Form 8-K, and hereby incorporated by reference.

10.5*

Registrant's 1997 Employees' Stock Option Plan as amended January 14, 2005, filed (on January 21, 2005) as Exhibit 4.3 to registrant's Current Report on Form 8-K, and hereby incorporated by reference.

10.12

Lease agreement dated April 28, 2006, between 1375 Kings Highway/777 Commerce Drive Associates, LLC, and 14 Mamaroneck Avenue Reinvestment Associates, LLC, and Competitive Technologies, Inc. filed (on June 9, 2006) as Exhibit 10.27 to registrant s Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2006, and hereby incorporated by reference.

10.13

Amendment to Lease made July 20, 2006 by and between 1375 Kings Highway/777 Commerce Drive Associates, LLC, and 14 Mamaroneck Avenue Reinvestment Associates, LLC, and Competitive Technologies, Inc., filed (on October 30, 2006) as Exhibit 10.17 to registrant's Annual Report on Form 10-K for the year ended July 31, 2006, and hereby incorporated by reference.

10.14

Employment Agreement dated February 2, 2007 between registrant and John B. Nano, filed (on February 6, 2007) as Exhibit 10.1 to registrant's Current Report on Form 8-K dated February 6, 2007, and hereby incorporated by reference.

10.15

Stock Purchase Agreement dated April 17, 2007 between registrant and Betty Rios Valencia, and Agrofrut E.U. filed on April 19, 2007 as Exhibit 10.1 to registrant's Current Report on Form 8-K dated April 19, 2007, and hereby incorporated by reference.

10.16

Second Amendment to Lease made July 20, 2006 by and between 1375 Kings Highway/777 Commerce Drive Associates, LLC, and 14 Mamaroneck Avenue Reinvestment Associates, LLC and Competitive Technologies, Inc. filed (on October 30, 2007) as Exhibit 10.16 to registrant's Annual Report on Form 10-K for the year ended July 31, 2007, and hereby incorporated by reference.

10.17

Common Stock Purchase Agreement between the registrant and Fusion Capital Fund II, LLC dated July 22, 2008 filed (on July 25, 2008) as Exhibit 10.1 to registrant's Current Report on Form 8-K dated July 22, 2008, and hereby incorporated by reference.

10.18

Registration Rights Agreement between the registrant and Fusion Capital Fund II, LLC dated July 22, 2008 filed (on July 25, 2008) as Exhibit 10.2 to registrant's Current Report on Form 8-K dated July 22, 2008, and hereby incorporated by reference.

10.19

Distribution Agreement between the registrant and Excel Life Sciences, Inc. dated July 29, 2008 filed (on August 1, 2008) as Exhibit 10.1 to registrant's Current Report on Form 8-K dated July 29, 2008, and hereby incorporated by reference.

10.20

Distribution Agreement between the registrant and Life Episteme srl, dated February 24, 2009 filed (on February 26, 2009) as Exhibit 10.1 to registrant's Current Report on Form 8-K Dated February 26, 2009, and hereby incorporated by reference.

10.21

Distribution Agreement between the registrant and Innovative Medical Therapies, Inc. dated July 29, 2009 filed (on July 30, 2009) as Exhibit 10.1 to registrant's Current Report on Form 8-K dated July 30, 2009, and hereby incorporated by reference.

10.22

License Agreement between Competitive Technologies, Inc. and Daeyand E&C Co., Ltd. (now GEOMC Co., Ltd.), dated September 25, 2007. filed (on March 4, 2011) as Exhibit 10.1 to registrant's Current Report on Form 8-K dated March 4, 2011, and hereby incorporated by reference.

10.23

Distributor Appointment Agreement between Competitive Technologies, Inc. and GEOMC Co., Ltd. dated August 22, 2008 granting rights in South Korea, filed (on March 4, 2011) as Exhibit 10.2 to registrant's Current Report on Form 8-K dated March 4, 2011, and hereby incorporated by reference.

10.24

Memorandum of understanding between Competitive Technologies, Inc. and GEOMC Co., Ltd. dated January 18, 2010, filed (on March 4, 2011) as Exhibit 10.3 to registrant's Current Report on Form 8-K dated March 4, 2011, and hereby incorporated by reference.

10.25

Distributor Appointment Agreement between Competitive Technologies, Inc. and GEOMC Co., Ltd. dated February 4, 2011 granting rights in Japan filed (on

March 4, 2011) as Exhibit 10.4 to registrant's Current Report on Form 8-K dated March 4, 2011, and hereby incorporated by reference.

21^

Subsidiaries of registrant.

31.1^

Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).

31.2^

Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).

32.1+

Certification by the Chief Executive Officer of Competitive Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32.2+

Certification by the Chief Financial Officer of Competitive Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

* Management Contract or Compensatory Plan

^ Filed herewith

+ Furnished herewith

www.competitivetech.net